

IN THE COURT OF THE TRANSPORT TRIBUNAL

IN THE MATTER OF THE APPLICATION (1955 No. 5) MADE BY
THE BRITISH TRANSPORT COMMISSION IN PURSUANCE
OF SECTION 23 (5) OF THE TRANSPORT ACT, 1953

FOR THE ALTERATION OF THE BRITISH TRANSPORT COMMISSION (PASSENGER) CHARGES SCHEME, 1954

WEDNESDAY, 22ND JUNE, 1955

FIFTH DAY

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PROCEEDINGS OF THE TRANSPORT TRIBUNAL

WEDNESDAY, 22nd JUNE, 1955

PRESENT :

HUBERT HULL, Esq., C.B.E. (*President*)

A. E. SEWELL, Esq.

J. C. POOLE, Esq., C.B.E., M.C.

Mr. HAROLD I. WILLIS, Q.C., and Mr. E. S. FAY (instructed by Mr. M. H. B. Gilmour, Chief Legal Adviser to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. LEON MACLAREN and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr, Solicitor to the London County Council) appeared on behalf of the London County Council.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. LEON MACLAREN and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the Middlesex County Council.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. LEON MACLAREN and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the Essex County Council.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. LEON MACLAREN and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the Surrey County Council.

Mr. DUDLEY COLLARD and Mr. A. K. TWADDLE (instructed by Mr. E. R. Farr, Town Clerk) appeared on behalf of the Barking Borough Council.

Mr. DUDLEY COLLARD and Mr. A. K. TWADDLE (instructed by Mr. E. R. Farr) appeared on behalf of the South Essex Traffic Advisory Committee.

Mr. GEOFFREY RIPPON, M.P., and Mr. ALISTAIR DAWSON (instructed by Mr. A. McCarlie Findlay, Town Clerk) appeared on behalf of the Wanstead and Woodford Borough Council.

Mr. GEOFFREY RIPPON, M.P., and Mr. ALISTAIR DAWSON (instructed by Mr. D. J. Osborne, Town Clerk) appeared on behalf of Leyton Borough Council.

Mr. GEOFFREY RIPPON, M.P., and Mr. ALISTAIR DAWSON (instructed by Mr. G. A. Blakeley, Town Clerk) appeared on behalf of the Walthamstow Borough Council.

Mr. GEOFFREY RIPPON, M.P., and Mr. ALISTAIR DAWSON (instructed by Mr. J. W. Faulkner, Clerk to the Council) appeared on behalf of the Chigwell Urban District Council.

Mr. GEOFFREY RIPPON, M.P., and Mr. ALISTAIR DAWSON (instructed by Mr. R. H. Buckley, Town Clerk) appeared on behalf of the East Ham County Borough Council.

Mr. GEOFFREY RIPPON, M.P., and Mr. ALISTAIR DAWSON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of the West Ham County Borough Council.

Mr. GEORGE MERCER (instructed by Messrs. Carpenter Wilson and Smith) appeared on behalf of the London Passengers' Association.

Mr. ARCHIBALD GLEN, Town Clerk, appeared on behalf of the Southend-on-Sea County Borough Council.

Mr. F. A. RULER, represented the Federation of Residents' Associations in the County of Kent.

Mr. H. J. A. KNOTT, represented the Barons Court Liberal Association.

(*President*): I forgot to say yesterday that the Borough of Southend has submitted a written statement instead of addressing the Tribunal and it will be found in the transcript.

(*Mr. Harold Willis*): Before my learned friend resumes his examination of Mr. Hill, I can now put before you the documents you asked for, namely the additional information on BTC 709 which, if you remember, is the passenger receipts for the last year. I have also had prepared—and it may be convenient for the Tribunal to have it—a complete 709, including in the estimate column our additional estimates for the increase of fares; that is to say, our apportionment of the 97 days. Therefore, there are two documents which, if I might, I will say a word about when they are put in. It may be convenient to stick to the same number 709 and call them 709a and 709b.

(*President*): Which are we going to call which?

(*Mr. Harold Willis*): Shall we call the smaller one 709a and the larger one 709b? The smaller one, Sir, sets out, as you see, the position from January 1st to September 25th and shows that reduction of minus £830,000 in the last column; then it sets out the detail in regard to the 97 days which are, I think, clear, and at the bottom we show, as compared with the original budget here, a plus of £300,000. That, of course, is a figure with the strike conditions which accounted for £360,000 loss. I think, Sir, that is the information for which you were asking last night.

Then on 709b we have thought it convenient to give the complete picture for the year, the estimate column, 2, being adjusted for the 97 days to take account of the increase expected. May I just say that if one adds up column 2 on 709b and column 2 on the original 709, one can see the difference is slightly different from the figure of £1-02m. which was referred to yesterday. The amount

allocated or spread by the budget in respect of the increase is a figure of £0-975m. The explanation of that is that the figure of £0-975m. was done departmentally and the £1-02m. was done rather more precisely at a later date.

The other matter to which I ought to call attention is that in column 3, in the actual receipts, you will see minor variations from the figures in 709. Take the first one, for instance; the first one shows £1,307,000, whereas on 709 it was £1,305,000. The reason for that, Sir, is that in 709b the clearances have been apportioned with more precision; the total is the same, but you will see very minor differences in the figures. I did not want people to be wondering why the figures were different. The broad picture, I venture to submit, is quite unchanged, but there are those minor differences. I am much obliged, Sir.

(*Mr. Geoffrey Lawrence*): Of course, Sir, these new exhibits which have just been put in supply detailed information in amplification of the material which was available to Mr. Hill from the Published Statistics for the purpose of preparing his exercises. I do not suppose he will have the time or the opportunity at this moment to see what the effect of these new documents is upon the calculations that he made on the basis of the material which he had. Therefore, perhaps you would forgive me and him from any attempt at the moment to incorporate this new material into the body of his evidence. It may be more convenient, therefore, if I went on and completed his examination on the basis on which it was prepared.

(*Mr. Harold Willis*): There is really no need.

(*President*): If you want time after Mr. Hill has completed his cross-examination, or if you would like to after you have examined him, to see whether he wants to consider these documents, he shall do so. At the moment they do not seem to me to affect the position very much.

(*Mr. Harold Willis*): The differences are quite fractional.

22 June, 1955]

[Continued

(Mr. Geoffrey Lawrence): It is only in the interests of accuracy because as you know, Mr. Hill's figures reach certain totals by proportional exercises which would have been avoided had we had the precise information.

(President): Treat this as not having been received at the moment.

Mr. STANLEY WILLIAM HILL, recalled.

Examination by Mr. GEOFFREY LAWRENCE, continued.

1318. At the adjournment yesterday we had finished your evidence, Mr. Hill, upon one of these two documents, that being headed "Test as to fall in traffic in 1954 as compared with the BTC estimate for that year"—Yes.

1319. We had also, at an earlier stage in your evidence, given the detail that is contained under the heading "Test No. 1", on the other document which is headed "LTE additional receipts in 1954 from 1954 Charges Scheme"—That is so, yes.

1320. So that we can come back and resume your evidence-in-chief by proceeding at once to Test No. 2 on that document?—Yes.

1321. That test No. 2 is a comparison of the receipts in 1954 for the periods 11, 12 and 13, with the receipts in the comparable periods of 1953?—Yes.

1322. You take, first of all, the 1953 actual receipts; and I imagine these figures come from the published statistics?—That is so, yes.

1323. Period 11, £5-407m.; period 12, £5-389m.; period 13, £5-334m., which adds up to a total of £16-130m.?—That is so, yes.

1324. You then make the allowance for the decline in traffic in 1954 as compared with 1953 of 1 per cent., which was the BTC's own figure given at the 1954 Hearing?—Yes.

1325. That leaves you with a result of £15-969m., and you compare that with the actual receipts of £16-566m., which is a figure the details of which are set out in the information under Test No. 2?—That is so, including, of course, that strike adjustment of £0-36m. That is just that figure of £16-566m. brought down in total.

1326. Which gives you an increase for the 84 days period of £0-597m.; taking a proportionate figure for the extra 13 days, would give you a figure for the whole of the 97 days period of £0-689m.?—That is so.

1327. Then you add a note to say that a small adjustment might be made in both tests to reflect the reduction in revenue consequential on the reduction in the mileage run in these periods of 1954 as compared with the 1954 estimate. This is very small and would have no significant effect on the above figure and is disregarded. Similarly, a minor adjustment in the opposite direction in respect of clearance figures is also disregarded?—Yes.

1328. So that the result of those two tests is to indicate, is it not, that the amount of extra revenue in the 97 days' period from the new 1954 Charges was of the order, as you have said, of £0-7m.?—Yes. I would like, if I may, to add one further comment to that arising from the new BTC table which I have before me, but which is not really deemed to be in.

1329. Do you mean 709A?—Yes. I do not know whether I should reserve that.

1330. (President): That is a matter for Mr. Lawrence, whether he wishes to discuss them with you first?—I can say I am quite certain that I do not need the opportunity of looking at the tables outside the witness box; I have been able to size them up.

1331. (Mr. Geoffrey Lawrence): I am much obliged; I was just being excessively cautious?—I am quite happy about them.

1332. In those circumstances, if you have any comment ready, perhaps you would be good enough to make it?—Thank you. As you have just put it to me, and I have agreed, these tests both indicate a possible figure of £0-7m. as being the receipts received in this the end period of 1954 from the 1954 increases. Now, as these two tests show, it was done on only an 84 days' basis and then grossed up, but with the help of the figures now shown in 709A one can avoid that fraction of 97/84ths and look at it a little more accurately. We find the result is that there is £0-3m. up, plus, of course, the

(Mr. Geoffrey Lawrence): I am much obliged.

(President): We were going to have unblemished copies of something; could we have them now?

(Mr. Geoffrey Lawrence): They are available.

strike adjustment, which would have to be brought in as £0-36m.; and that gives £0-66m., which is very close indeed to £0-689m. or £0-619m., which my other tests show.

1333. So my learned friend was right in saying the difference was fractional?—Yes.

1334. Had you had these figures available, you would have used them rather than making the proportionate exercise that you did?—Yes, of course.

1335. I think I have already made this clear; always upon the assumption that the total increment over a full year from the 1954 Charges was £3-7m., then whatever is less than the BTC's proportion of £1m., or £1-02m., or £0-975m., or whatever it is, which was not picked up in that first part of the year, will, of course, arithmetically, be picked up in 1955?—That follows from the premise on which the thing is based, yes.

1336. We can leave that I think and pass now to the second item of criticism in the BTC calculation leading to the £72-4m. That relates to the amount, if any, that should be allowed for the decline.

(President): Shall we give these a number? I gather Mr. Hill does not feel he wants time even to instruct you on it. Do you want any more time, Mr. Hill?—No, Sir.

(President): You cannot get any more, so we may as well identify them in some way. 408 will be the single page number, and the other will be 409.

1337. (Mr. Geoffrey Lawrence): The item which we seek to criticise in column (a) of LCC 407 is Item 6, is it not?—Yes.

1338. I think I will now ask you to put this matter in your own way, if you will?—First of all, let me admit readily that I find this an extremely difficult matter, and indeed I think everybody does; because it is apparent that no calculation lies behind the £0-93m. I think that is a fair summary of Mr. McKenna's evidence. It is the exercise of his judgment and the judgment of his colleagues as to what should be knocked off the calculated figure for a factor which they believe to exist but which is not, either readily, or perhaps at all, quantifiable to any degree of precision. Of course, it is a very difficult thing; first of all because, even if the decline is there, there are no statistical means by which one can disentangle a decline due to one factor from that which may be due to another. But considerations which I think might be kept in mind are these: It was shown that the BTC's estimate for 1954 was borne out to all intents and purposes—certainly up to the period before the increase in charges—and it is known that that estimate had itself allowed for a decline in traffic. That estimate proved to be correct and there was really no further decline on top of that. The amount allowed for the decline in that year was of the order of 1 per cent. That is one consideration.

1339. Pausing there, Mr. Hill, you have made one statement which is in direct conflict with what I understood Mr. McKenna to say in re-examination yesterday, which was that over that period in 1954, or 1954 as a whole, looking at it in the way he did, there was no further decline over that which had been allowed for in their estimates?—That is so, yes; there is nothing significant.

1340. He said, if I remember rightly, that looking at certain isolated dates in the year he inferred there was, or must have been?—I think the first test shown in 409 would indicate to the contrary. That is one consideration, which leads to this; that there was a decline in 1954 as compared with 1953, but that it was no more than that which had been allowed for in the 1954 estimates. The second point which I think we have to consider is this: whatever the reasons may be for the decline which has taken place since the early part of 1953, it is difficult to see that that rate of decline—I say "rate of" decline—can be aggravated or increased. The only two factors which have been mentioned as influencing the public's

22 June, 1955]

Mr. STANLEY WILLIAM HILL

[Continued]

attitude to travel are private motor cars and television. Of course the last few years have been a time of very considerable expansion both in the numbers of private cars in use and in the numbers of television sets in use, but certainly it is not an accelerating development, and one would have thought that, if anything, the influence of those factors would be spending themselves rather more than increasing. Another factor—and this is dealt with separately—is, of course, the decline due to the reduced mileage and bad frequency of buses. In so far as the reduced mileage is concerned, that has been allowed for separately and that should not come into the picture at all. The most difficult item of the lot is to form an opinion as to whether the 1954 Scheme did in fact produce £3.7m. in a year.

1341. (President): You mean "would in fact have produced"?—Yes, would in fact have produced £3.7m. in a full year of operation. My own feeling is that it did not, and that some weight should be given to that in allowing for a minus at the end of this table. I think something must be knocked off for that, even if there is nothing else, but you cannot be certain about that. The BTC believe that it would have produced the £3.7m. My only feeling that it probably did not is based on an analysis of the traffics and particularly the traffics in the different fare categories on the Central Services where very sharp falls were experienced. I think there was, perhaps, a failure to reach the estimated figure on the 6d. fare; but it is not conclusive by any means. £0.93m. is not a calculated figure; it is an exercise of judgment. I would be inclined to say that if an allowance of something of the order that was allowed last time for a forward estimate of 1 per cent. was allowed, you would in all probability cover all contingencies; but I am quite certain there is no means of calculating a figure. I note, if one looks at the 1955 records to date, that even the BTC estimate is falling short, which on the face of things would seem to substantiate their figure, or even something a little less. I am not very convinced by that because even in 1954, if one applied a test as at the end of May, it would indicate that their target was falling short by nearly 1 per cent.; yet we have seen that by 12th September it was not short at all, or if so only by about 0.2 per cent. or 0.3 per cent.

1342. If you remember, when you and I were concerned in the last Inquiry, we were very much pressed, were we not, by the position which was disclosed in May of that year. But on a longer view, as you say, the position would have adjusted itself?—Yes.

CROSS-EXAMINED BY Mr. HAROLD WILLIS.

1349. Mr. Hill, tell me what in your view would be a reasonable margin of error in the estimates of a transport undertaking with receipts and expenditure of the order of £70m.?—I think the margin of error could well be 1 per cent.

1350. You might well find a margin of error of 1 per cent. in estimates?—Either way, yes.

1351. Do you still accept, Mr. Hill, that the London services should pay their way?—I always accepted that London services, as a whole, should pay their way, but not necessarily that the LTE should pay its way, if the others make a surplus.

1352. Can you have any doubt that London Transport has got a very substantial accumulated deficit on that basis of paying its way?—No, I have no doubt.

1353. Would it be of the order of £124m. up to the end of 1953?—I have not made a recent calculation; I do not think it would be very far from that, but I should then want to make an adjustment which your figure does not allow for.

1354. I am trying to take it broadly. It would be of that order?—I think it probably would.

1355. That is up to 1953, which is the figure in the Chambers Report?—Yes.

1356. You do not suggest that that deficit would have been wiped out or could have been wiped out, by the activities of London Lines?—No; but quite a large part of it could have been, if my view of the costings of London Lines is correct.

1357. Even on your figures for London Lines there would be, for the London Area, a substantial accumulated deficit running into several millions?—Quite correct.

(President): It had adjusted itself to the estimate, but on that occasion Mr. Hill put forward a figure of £0.68m. by which he said the forward estimate was wrong.

(Mr. Harold Willis): Plus 3 point something as well.

(The Witness): It was £0.699m.

1343. (Mr. Geoffrey Lawrence): It was in that neighbourhood?—It has no doubt the BTC figure was the correct one and mine was the wrong one; I have no doubt about that at all. If, for instance, one made a test at the end of April on this table shown in the new book, one might conclude that there was hardly any short-fall, £0.35m., but by the end of May it was up to £0.8m. These figures are somewhat similar to the percentage in 1954. In both years, April was a good month for the weather and no doubt it influenced the average for April and the three months proceeding it, because May was a particularly bad month. I find it very hard to be very much influenced by the trend over the short period. It is there, of course; but I do not find it very convincing just for that period. It is quite impossible for me to produce any calculation that I would regard as reliable for any particular figure, and in saying that I think I am really saying the same as Mr. McKenna was saying. I would have thought that in all the circumstances, in the comparatively short time that has elapsed since the last increase, there cannot have been very much change in any trends which may be there but not readily apparent. I should have thought something like £0.75m., or 1 per cent., might have been a fair measure of the situation.

1344. So that if we, with all that proper precaution and hesitancy, wrote in a figure of £0.75m. in column B for Item 6, in line 13, we should then have the best estimate which you can make, as a matter of judgment, on this topic?—Yes; I think that puts it fairly.

1345. (President): That brings you up to £0.5m. above the Commission's figure?—That is correct.

1346. (Mr. Geoffrey Lawrence): If that be right, as a matter of estimating, there would then be corresponding alterations to the figures in BTC 2?—Yes.

1347. Because they start off there with a figure of £1.9m. which is itself deduced from the acceptance of their figure of £72.4m.?—Yes.

1348. The result of it all at the end would be to increase their £0.4m. in the last line by £0.5m.?—Yes.

(President): Making short fall £1.7m. instead of £2.2m.?

(Mr. Geoffrey Lawrence): Yes; it will reflect itself all the way down.

1358. What is the tendency for costs at the present time? Are they tending to go up or tending to come down?—The cost of some materials is tending to go up and some have been static. As regards wages, they are certainly tending to go up. The irony of the present position is that material costs to some of the industries are not moving very much because they depend on world conditions (I do not mean all materials), whereas the retail prices seem always to go up. But the general tendency certainly is for prices to go up.

1359. Dealing with the costs of matters which primarily affect a transport undertaking, the tendency there is to go up?—Yes, but not very much apart from the wages. The rubber prices go up and they come down and anybody would be a bit venturesome to guess how they go; steel prices are going up.

1360. Coal, we hear, may go up?—Yes, I think it will go up.

1361. If you are seeking to produce the revenue required to meet a given expenditure on the premises I have put, would it not be wise today to provide some reasonable margin?—For contingencies? Yes, I think it would. I think you have done. Appropriate to that question, keeping in mind that this is an emergency Application to cover increases in costs. It is rather different for a long-term budget.

1362. This is an Application for an alteration of the Scheme, Mr. Hill, to meet the conditions which are applicable today. This is not an Application under Section 23; you appreciate that, do you not? Did you think this was an Application under Section 23?—I am not getting involved in that if you do not mind. I say this is an Application—

22 June, 1955]

Mr. STANLEY WILLIAM HILL

[Continued]

(Mr. Geoffrey Lawrence): This is an Application which had its origin in an Application under Section 23.

(Mr. Harold Willis): But which is now, in form, an Application under the Section of the 1947 Transport Act, for an alteration of the Scheme.

(Mr. Geoffrey Lawrence): Yes.

1363. (Mr. Harold Willis): Is it not really plain, Mr. Hill, in the conditions you have just agreed to, that even if all your estimates were right, the increases we are seeking would be fully justified?—No, I do not think so. I think that a surplus, in the circumstances, of £0.9m. would not be fully justified.

1364. With that large deficit, rising costs, and a risk of a margin of error of 1 per cent.—You can cut out the margin of error—I mean the statistical margin of error—because it could be a plus or a minus; but the contingency of rising costs, yes.

1365. Let me turn to the question of receipts. Are you asking the Tribunal to find that Mr. McKenna's estimate put forward for "B" year is too low?—Yes, I think it is too low. I think it is too low by certainly £0.3m. and in all probability £0.5m. Perhaps I should not say "in all probability". I think it is certainly £0.3m. and probably £0.5m.

1366. When did you reach the conclusion it was too low by those amounts?—When I received, and had an opportunity of examining, the information set out at the top of LCC 407. I did not really think it was too low when I heard the first day's proceedings as I rather readily fell into thinking that the little adjustments that had been referred to were little adjustments. Then it occurred to me that they were probably the difference between quite large figures.

1367. Up to then you thought the estimate was about right?—I had not examined it, but I accepted it on the evidence. No figures were available in advance so one could not pretend to form a definite view on it.

1368. Would I be right in concluding that column (b) in LCC 407, with £0.75m. written in line 13, Item 6, is the estimate which you ask the Tribunal to accept?—Yes.

1369. Do you agree with the figures which go to make up the final figure?—Meaning the £0.36m. and the £0.50m.?

1370. You asked the Tribunal to accept the final figure because, I suppose, you agreed that that final figure was the right one?—In column (b) yes.

1371. In reaching the conclusion that the last figure is right, you have presumably on your part accepted that the figures making up that figure are right?—Oh, yes; for instance, the figures in line 2, in line 3 and line 5—just between 5 and 6—for the reasons set out in my supplementary tables, I agree.

1372. They are figures with which you agree?—Yes.

1373. I do not reconcile that with your evidence that you have given that the yield to be expected from the 1954 Scheme is £3.7m. in a full year. You told us that you did not think it would produce that. How much do you think it would produce, or would have produced?—I cannot say. I think there is some doubt it did not produce it, and that is the point which I wrapped up in the £0.75m.

1374. By how much, in your view, is that figure too high?—I cannot say.

1375. Last time you were very clear that the yield would not be reached and that the discounts were insufficient. Do you remember that?—Yes.

1376. On page 160 of the 7th Day, Question 2404, my learned friend Mr. Geoffrey Lawrence was asking you about discount:

"If the discounts are an inaccurate forecast, there will be more receipts than are to be expected on the basis of those discounts?—(A) And London would then be subsidising the British Transport Commission in quite a big way?"

—Yes.

1377. Then the learned President asked you:

"Mr. Hill, you have not said which of those two events is in your view likely to happen?—(A) The first. (Q) Are these discounts likely to prove insufficient?—(A) I think so. I think the change will be

very marked indeed. (Q) The change will be very marked indeed; well, of course, that is a little bit too general. Do you think the discounts will prove to have been insufficient?—(A) Yes. (Q) You do?—(A) Yes."

By how much did you then think the discounts would have proved insufficient?—I did not put a figure on it, did I?

1378. You did not. Can you put a figure on it now?—I could not do more than venture a guess.

1379. What would your guess be?—I should think it would be probably £0.2m. I think it is probably all on the 4d. fare.

1380. If the £0.2m. is right, that automatically reduces your £72.9m. to £72.7m.?—Oh, no, it does not. The £0.75m. allows for all that. I made that very clear. If you like to present it in that way, then, of course, my opinion as to what should be allowed for other factors is £0.5m. or £0.6m.

1381. I thought you were claiming the capacity to segregate these factors?—No.

1382. That is the whole object of this exercise, to put them into little compartments, is it not?—No; no more than, say, in column (a). I made it very clear yesterday, surely, that the whole of the exercise down to line 12 depends, first of all, on the acceptance of the £3.7m., which the BTC do accept.

1383. Do you accept it?—No; I think it is too high.

1384. Then you have put forward figures on a basis which you do not accept?—Oh, no, Mr. Willis; of course I have not. I made it perfectly clear that that was one of the factors that you must keep in mind when you come to line 13. If you have yesterday's evidence I think I made it very clear then also.

1385. You made it clear that you were assuming a yield of £3.7m.?—I did, yes.

1386. And you now tell us that you have grave doubts as to whether that is right?—I said that yesterday when I came to the £3.7m. The learned President made the point and I made that very clear.

1387. Let us put the correct figure that you think should be put in column (b) for this element?—In both your column and mine?

1388. No, in your column. Let us take column (b). We alter the £3.7m. to what?—Shall we say £3.5m. I do not like the method of doing it, but let us say £3.5m.

1389. You think it should be £3.5m.?—Yes.

1390. Then the £0.7m. will want some adjustment, will it?—No, not at all.

1391. Then the £3m. becomes £2.8m.?—Yes.

1392. And you are saying that then your £0.75m. goes up by £0.2m.? Is that how you work it?—The £0.75m. goes down.

1393. You say it is then £0.55m.?—Yes.

1394. It just shows the way you put it there and take it away somewhere else and come to the same result?—It just depends whether you decide to present figures, first of all, on a certain premise and then make your adjusting figure at the end, or do it at this stage. But clearly it is very much better to follow the BTC's method in presenting figures, particularly when they believe very much in their £3.7m. It is very much better to follow their way.

1395. Even if you do not agree with it?—Yes, when one makes it clear.

1396. Let us just consider these estimates from a broader aspect. Would you agree that the basis for "B" year should be on the 1954 figures adjusted?—I think it is as good as any, yes. You have really only two ways available to you: One is to take the "Z" year estimate and adjust that; the other is to take "B" year and adjust that. In either case you have about the same number of difficulties to contend with. If you do it on the latter method you have got to adjust the weather, if you do it on "Z" year you have not; but if you do it on "Z" year you have probably got to adjust for the allowance in "Z" year for loss of traffic, which you have not actually got in 1954, and so on. I think one method is probably as good as the other.

22 June, 1955]

Mr. STANLEY WILLIAM HILL

[Continued]

1397. We are looking at the 1954 results?—Yes.

1398. What we know is that there was only actually received £70.07m. whereas the estimate was £70.6m.?—The estimate for a full year, yes, on the old charges.

1399. You anticipated getting £70.6m., but you, in fact, only got £70.07m. notwithstanding that the fares were increased from the 26th September?—Oh, yes; there is no doubt about that.

1400. And plainly there was less travel in 1954, for one reason or another, than was estimated?—For one reason or another, yes there was. Of course, there was no travel for six days.

1401. When we are looking at the 1954 results with a view to using them in 1955 or "B" year, some adjustments must be made for certain specific things that one can see occurred in 1954?—That is correct.

1402. Such as the strike and the reduced mileage?—Yes; that is so.

1403. Those are matters which can be assessed with some reasonable precision?—Oh, yes, they can, because one can relate receipts to mileage.

1404. The other factors which prevented or discouraged people from travelling are much more difficult to evaluate?—Oh, yes.

1405. You have sought, have you not, in your tests and calculations, to disentangle the various causes of that and to allocate precise figures to the different components?—Only in one item. I have only broken up one of your items.

1406. You have assumed, for the purposes of your calculations, that you can accurately disentangle weather?—Yes.

1407. You have sought, for the purposes of your calculations, to suggest that you can precisely disentangle the yield of the 1954 scheme?—No, that is what I have not done. You have got me to suggest a figure and I have suggested one, but in my table I did not try to disentangle anything affecting the £3.7m. But on the first part of your question, the answer is "Yes."

1408. We will deal with the £3.7m. in a moment. If it is not possible, with any real measure of accuracy, to disentangle those things, it becomes, as you have told us, a matter really of judgment?—Yes; but you can use your judgment in disentangling. That is what Mr. McKenna must have done. Nobody can say: "I have two factors, totally dissimilar in nature, and I think their net answer is 'X' without trying to put some value on 'A' and 'B' which produce the 'X'." You just cannot do it in that way. You do not exercise your judgment as to the result, I do not think; you exercise your judgment on the thing. When you have got weather on the one hand and, say, trend on the other, you exercise your judgment as to the gross figures.

1409. Mr. McKenna has put an estimate forward of £72.4m. for "B" year after making an allowance which is described in LCC 407 as an allowance for loss of traffic, off-set by the effect of abnormally bad weather in 1954, and roundings, £0.43m.?—That is so.

1410. That is the way he has done it, and he told us why he did it in that way, namely, because he did not feel it was right to try and do it with more precision than that?—But he also agrees the £0.5m. for weather adjustment is right.

1411. It is of the order of £0.5m. He was careful, was he not, in the answer to say he could not say it would be £0.5m., but he did not think that would be far wrong?—I am sure that is so and that he said "of the order." I think most of these figures could be qualified in that way.

1412. You have taken the £0.5m. as a precise figure and you have deduced from that that there is in item (e) an allowance for fall of £0.93m.?—Of course, yes.

1413. That is the process you went through?—Yes.

1414. You told us yesterday that when you found that figure it seemed to you surprisingly high?—Yes.

1415. You have expressed surprise at things before this Tribunal on one or two earlier occasions I think, have you not?—That is so, yes.

1416. I am a little surprised myself in this case that that should have surprised you, because you, in 1954, made an estimate, did you not?—Yes.

1417. Which was, as my learned friend made clear in his Closing Speech, ultimately quantified at just under a million. There was the £0.667m. and there was added to that, if you remember, a further figure to bring it up to between £900,000 and £1m.?—I just forget what the further figure was about. I remember the £0.667m.

1418. If I can quote from what my learned friend says in his speech about it, it will be the simplest way of referring to it. It is on page 308 of the 9th Day.

(President): The two figures were £0.667m. and £0.282m.

(Mr. Harold Willis): Yes.

(President): The £0.282m. is found in LCC 211.

1419. (Mr. Harold Willis): Yes, Sir. (To the Witness): To deal with it broadly, Mr. Will, you were saying, and my friend was submitting to the Tribunal, that our estimates were about £1m. too low. That is right, is it not?—For "Z" year, yes.

1420. In fact, you cannot dispute this, can you: that on the results of 1954, even assuming you are right that the Commission's estimates were realised, your estimates were not realised by about £1m.?—Yes; that is so—of which, I think, about £0.3m. is due to the early shortfall in the produce of the 1954 scheme; but I quite agree, I proved the worst estimator on this.

1421. You estimated something and there was a result which did come up to that?—Yes.

1422. Why do you think your estimate was proved wrong? What happened?—I think it was mainly due to the fact that the 1953 scheme charges did not produce what was claimed for it. I have made that very clear, have I not? The 1953 increases did not produce what was claimed for them.

1423. Anyhow, for one reason of another, fewer people travelled in 1954, or "Z" year, than you anticipated?—Yes; quite true.

1424. Why do you think those fewer people in fact travelled?—I think more had been lost in the 1953 increases than had been anticipated. I think a certain number travelled less because they were using their car facilities. I think a certain number travelled less because of the traffic difficulties. I think those are perfectly true factors.

1425. The sort of factors which Mr. McKenna referred to as depressing the receipts?—Oh, yes.

1426. You had not allowed for those factors sufficiently in your estimate and you were proved wrong. Those factors did operate and you were proved wrong to the tune, at least, of about £1m.?—Yes; but those factors could rightly be traced to the £0.667m.

1427. Let us not take up too much time on the split up of your £1m. You said we were wrong by about £1m.?—Yes, I did.

1428. Those factors you have referred to have caused results surprisingly lower than you anticipated?—Yes; that is true.

1429. Why were you so surprised at finding that allowance of under £1m. was being made for the succeeding year?—Well, for this reason: As I say, I think a large part of the failure to get, shall I say, near my estimate and the reason why your estimate, perhaps, proved more correct, was that the 1953 scheme did not produce, in a full year, what was claimed for it. I think that is one factor. That is one thing that will have spent itself for good; that does not give rise to a decline. Another thing is I could not imagine that anything in the nature of a decline (if one is taking place) due to the habits of the public could be an accelerating one; if anything, I would have thought it would have been one that is being spent rather more than accelerated.

1430. When you give that evidence, have you in mind 709B?—No, I do not think I have.

1431. You see, if we look at the last column on 709B—I agree this is on the assumption that we were realising the 1954 scheme yield, but on that assumption we see, do we not, that the decline, certainly from mid-summer, seems to be accelerating rather than the reverse?—Yes; because the reaction to the increased fares, which is in

22 June, 1955]

Mr. STANLEY WILLIAM HILL

[Continued]

your basic figure here, was greater than was allowed for in a full year. It only proves that, if anything.

1432. Look at May the 30th. There is a minus of 1.1 per cent.—Yes.

1433. As I read the figures, we see that going up?—Because of bad weather to the tune of £0.5m. for the whole of the summer.

1434. We see it going up in June?—Yes; a wretched month.

1435. Going up in August?—A rotten month.

1436. And July?—A horrible month. All those three were bad months from the weather point of view.

1437. In fact, if we look at that, as Mr. McKenna has told us, the decline is more than 1 per cent.—Up to the September, of course it is. It is 1.6 per cent.; but nearly 1 per cent. of it is weather.

1438. That is what you say?—That is what Mr. McKenna agrees. If you take that into account and the other little adjustments, of course, you come to the test as shown in my LCC 409, which shows that the real decline up to half way through September is only £0.3m., but it then started going up to £0.21m. on your tables due, no doubt, to the initial reaction to the fares increases, which was so marked.

1439. You refer to the reaction being "so marked". On what are you relying for that answer?—These figures, first of all, and, of course, one's knowledge that people did react. But I cannot quantify that.

1440. You are referring to your discussions with passengers?—One saw it and one did it.

1441. You could see people reacting, could you?—Yes. But I am not attempting to put a figure on it.

1442. What form does it take when you see people reacting? Do you see them looking at a bus and then turning away?—No. It takes the form of walking 100 yards at a 2d. stage.

1443. You saw it?—It was very apparent. My wife started doing it and has never gone back.

1444. And you deduced from your wife's experience what everyone else did?—It is common knowledge. But I did not base it on that, of course. The figures there suggest it. It is very marked at the 2d. and 4d. stages.

1445. I am dealing with the factors which you do, indirectly, make allowance for in your estimates. You referred to some of them yourself, like cars and the congestion?—Yes.

1446. Is the private car position likely to be better in 1955 than in 1954?—No, not better; but it will not get worse at a greater rate. It cannot get worse at a greater rate than it has in the past.

1447. Do you know the rate at which car registrations have taken place?—Yes.

1448. Did you hear the figures, that as between 1952 and 1953 in the area with which we are concerned there was an increase of 63,000, and as between 1953 and 1954 an increase of 76,000?—Yes.

1449. Perhaps you will have observed that there are now more cars on the road than ever before?—There are, yes. That is reflected in what you have allowed for that factor, whatever it may be. There is clearly a limit to the increased number of cars that are going to take traffic away from public vehicles.

1450. You mean because it will all gradually come to a standstill?—Perhaps it could, yes.

1451. Have you been in London sufficiently over the last year to have noticed a worsening of the traffic conditions?—Yes.

1452. That sort of factor is worse in 1955 than it was in 1954?—Yes, but not very much worse. You see, you allow for that. You are already allowing for that. You have something like the same decline as you allowed for last time. It is only if you assume that things are going to get worse at an increasing rate of worsening that you put it up.

1453. This is really, as I understand it, a debate as between you and Mr. McKenna as to whether it should be 0.93 or 0.75; is that really what it is all about?—

Yes, the main difference between us of course, is in the £0.7m.

1454. We will deal with that separately, but it is on this allowance or a further fall in traffic?—Yes. Neither of us has any means of doing—

1455. Do you think he is likely to have better means than you?—No, not if you have done as you say he has; just guessed the answer; I know he has not.

1456. He has used his judgment and you have used yours?—He has used his judgment and come to the same result as I do.

1457. You are aware, are you not, looking at probabilities, that a downward tendency in receipts is found in almost all urban transport undertakings?—Yes.

1458. You are familiar with the municipal ones?—That is so, yes.

1459. I suggest some figures which you probably have in mind of passengers carried are a useful test here. Take Manchester: there was a 3 per cent. drop between 1950-51 and 1953-54?—Yes; I would accept that.

1460. In Birmingham a 5 per cent. drop—I think here it is between 1951-52 and 1953-54?—Yes.

1461. Glasgow, 13 per cent. drop between 1950-51 and 1953-54?—I do not know the Glasgow figure, but I think that is all tied up with the abandonment of trams, etc., in Glasgow.

1462. But those include the totals?—Yes.

1463. That is your general experience?—Yes, it is, and of course some of the factors are very similar to those here; the factor of increased fares is present in those cases as it has been in London. Birmingham has had about four increases in fares.

1464. We have to judge the future prospects in the light of there having had to be fare increases?—That is right.

1465. It is no good shutting one's eyes to that?—That is so.

1466. One has to try and see what is likely to be the public demand for transport?—That is so.

1467. We find this tendency not only in London, but outside, and I do not know whether you heard figures that were quoted for United States undertakings?—No.

1468. Where the drop was from, I think, about £25,000m. to £12,000m., or rather halved, over six years?—No, I did not hear that. Of course, in the case of the municipal undertakings like Birmingham and Manchester not the only common feature to all of them is the impact of increased fares and the influence of motorcars and television, but I think they will have probably suffered a little more than London, in the sense that they are much more confined to a more highly organised area than the London Transport area, as a whole, is. That is one point to keep in mind. For instance, if you were to take Midland Red undertaking, which runs a great deal in the urban and rural parts of the Midlands, I do not think you would find it has suffered anything like as much as the Birmingham Corporation Transport Department. The London Transport area is something of a mixture of the two in a sense as it stretches as far as Sevenoaks, for instance. There is nothing like that in Birmingham.

1469. Your Column B purports to be an estimate of gross receipts for 1955?—Yes. It is 1955.

1470. "B" year is only just starting?—Yes.

1471. What we have to try and estimate is the receipts for "B" year?—Yes.

1472. Do you suggest that your estimate in Column "B" is appropriate for "B" year?—Yes, the same as you do. I would accept it for both.

1473. I do not use LCC 407 at all. I am asking you about Column B. Do you suggest that is appropriate for "B" year?—Yes, I do.

1474. In reaching that conclusion, have you had regard to results so far this year?—Not very much.

1475. Is it not important, as "B" year is now starting, to see whether the 1955 figures want some adjustment?—Yes; in my evidence I stated why I did not think they could carry very much weight.

22 June, 1955]

Mr. STANLEY WILLIAM HILL

[Continued]

1476. You see the extent to which there is an aggregate drop up to the end of May; it was minus £225,000?—Yes. (President): Minus £237,000.

1477. (Mr. Harold Willis): I am sorry. (To the Witness): Minus £237,000?—Yes.

1478. Did you pay no regard to that?—No, not in considering my figures. I was influenced rather by the fact that similar figures for last year showed a similar decline by the end of May, but by the end of September it had corrected itself.

1479. It corrected itself only if all your assumptions be right?—If yours be right. My assumptions as regards weather you agree, and your assumptions as regards—I was going to say "strike"—

1480. If your assumptions be right?—As regards weather, which you agree.

1481. If your assumptions be right?—As regards weather, which you agree.

1482. And as regards the amount received in the 97 days?—No, that does not come into it, because we are, as I said, up to September.

1483. Anyway, let us look at these figures: a drop of £237,000?—Yes.

1484. If that persists through the year we shall have a figure in the region of £400,000 or £450,000?—Yes; but it will not, of course.

1485. You say "it will not, of course"; why do you say that?—For this reason: "Of course" is a little high, but for three years running your figures up to May have indicated that the position was more gloomy than was in fact the result; but I agree mathematically if it continues at that rate through the year it will be that much down.

1486. Even if it stopped and everything else was level, there would still be your £200,000 difference with Mr. McKenna gone?—That is quite true.

1487. In view of that do you still desire to put Column B forward to this Tribunal as an appropriate estimate for "B" year?—Yes, certainly; I do not think this influences it at all.

1488. It does not influence it at all?—No.

1489. You disregard it?—This £0-237m. is a figure by which I am very little influenced—in fact not influenced at all, having regard to the similar figures for previous years, and in any case it needs correcting for the bus strikes; that would alter it a bit.

1490. If that has to readjust itself by the end of the year, have you calculated how much increase per week is necessary?—No, I have not.

1491. £26,300 per week. That is to take up the £0-237m.?—No, that would not be right. It cannot be right.

1492. (President): While Mr. Willis is re-adjusting that figure, Mr. Hill, if you are right this BTC 22 figure has got to be at the bottom £72m.: £72-9m.?—That is so, yes.

1493. If that be the right figure for the year, the difference between the actual receipts in the first 21 weeks and what you say ought to have been the estimate will be something of the order of getting on for £3m., will it not?—No, Sir, it would be nearer £0-4m.

1494. It will be rather over £0-4m., will it not?—It will be over £0-4m., but nearer £0-4m. than £0-5m.

1495. That, of course, is rather a large difference for 21 weeks out of the full 52?—I do not think so, Sir, with respect. Perhaps I can give a more accurate figure, first of all: it would be £0-44m. to begin with. There is an adjustment of some amount to be made for strikes, of course; there might be a bad weather adjustment, but I would not say so, because April was a quite good month, although May was wretched. There is what appears to be an almost inherent defect in the budget which produces the same result in the early months of each year, and there is the strike factor, which I think I mentioned.

1496. (Mr. Poole): Are you referring to the railway strike?—No, the partial bus strike from 20th to 28th February.

1497. Then I have here that there has been some adjustment made, I presume for the railway strike, which threw a lot of additional passengers on to the London Transport?—No, Sir. It is after that line.

1498. It starts in the line which is given as Whit Monday?—I was focussing my attention on the figure of £237,000.

(Mr. Harold Willis): It was to explode that figure that I did not go beyond the £237,000.

1499. (President): I am sorry, Mr. Hill and Mr. Willis?—There would be one other adjustment: that would be a slight plusing for the clearance. The figures in the early months never allow quite enough for clearance. But I do not know how much there is.

1500. (Mr. Harold Willis): You see, as has just been pointed out, there is not only the picking-up of the £237,000, which is the extent to which this is below our estimate, but also the picking-up of the balance, being the difference between your estimate and ours?—Yes.

1501. It is that figure which works out at £26,300 per week which we have to pick up if your estimate is to be right?—Is £26,300 included?

1502. It is 28 weeks, I am told?—31 weeks.

1503. I think we have omitted the strike weeks altogether. Do not let us debate the precise figure; it is a figure of that order.

(President): If only Mr. Hill had made his underestimated figure 0-52 instead of 0-50 it would have been simpler!

1504. (Mr. Harold Willis): I quite agree, Sir; I remember last time we had one particular figure which divided conveniently. (To the Witness): Have you not considered in the light of these actual results whether your estimate really stood the slightest chance of being realised?—Of course, yes; I think it does.

1505. Have you considered how much you have to pick up? You had not made that calculation before you estimated it just then?—What I did was to say this: if my figure be right I am probably 0-44 down at the stage of 29th May. I looked at the experience of last year; I looked at the 1953 budgetary figures and found yours invariably showed you down by this time. I keep in mind the other factors I have mentioned—adjustment for strike, clearance, wretched weather in May, etc.

1506. (Mr. Harold Willis): You keep in mind your experience of last year's estimate. What allowance did you make for that?—Nothing at all; I always hope to be right next time!

1507. If time goes on long enough you may one day be proved right?—We have been proved right on some occasions!

1508. I suggest to you your estimate in Column B which purports to be the estimate for "B" year is plainly too high?—I was sure you would suggest that, I do not accept it; I think in so far as the difference is attributable to the £0-7m. and the £0-1m. in line 5, I must certainly be right there.

1509. Let us take the £0-7m. and just see if we can deal with that. The way the Commission approached it is this: they have estimated the total yield and they have apportioned to these 97 days a proportion of that £3-7m. *pro rata* to the budget for the various sections of the period?—Yes, I agree they have.

1510. That is the way it is always done, in fact?—I did not know that.

1511. Is that not the way it has been done in the past?—It was certainly done in BTC 8 last time.

1512. Have you ever suggested your way of doing this before?—There is no difference between us in our way on that.

1513. Your £0-7m. is not arrived at the same way as the £1-02m.?—I beg your pardon; of course it was not. What the Commission did was to estimate the £2-68m.

1514. They split the £3-7m. between the 97 days in 1954 and the balance of the days in 1955?—That is right, yes.

1515. They split it on the basis of the budget?—Yes.

1516. You have split it on an entirely different basis?—I have tested to see what is the probable figure which you did get, not the notional figure of what you would have got split on the basis of the budget.

1517. Let us just take it slowly?—I might add that what you are doing—your whole exercise—is to correct the

22 June, 1955]

Mr. STANLEY WILLIAM HILL

[Continued]

figure of £17.07m. It is no good taking out of £17.07m. 1.02 unless that is what there is in it. And I say that only £0.7m. is in it.

1518. We have done it in the way that is normally done, in the way it has been done before when there has been a split?—And of which I think you have been proved incorrect, because I am convinced the one reason, more than any other, why the 1954 did not make that target was because the 1953 increases did not produce what was claimed for them, and it was probably because I followed your method of taking those 1953 increases on their face value—the BTC 8 calculations.

1519. But this is the way it is always done at fares applications, is it not?—No, that is the way in which I would do it in front of a Licensing Authority and in which I have heard it done before a Licensing Authority.

1520. Your way assumes it is possible to segregate the various factors into these compartments?—So does your way.

1521. I do not think you have appreciated how the 1.02 is arrived at. That is arrived at by a split. It does not involve any assessment of anything. It is purely arithmetical?—Yes.

1522. Your way involves this: your trying to establish as a fact that a certain amount of revenue was received from certain increases?—Yes.

1523. I suggest to you that as an exercise on that basis it is impossible to do it with precision?—Were my figures in 408 wrong in that respect? Do not your figures put in today in your table lead to the inescapable inference that it was about 0.072?

1524. They do not, unless you accept a figure for fall in traffic. There are two factors operating, one up and one down?—Yes.

1525. You are saying I can assess both those with precision and therefore I can say how much was due to increased fares and how much is due to fall in traffic?—Within limits.

1526. That is the exercise you have done, and we have not sought to do that?—No, you have dodged the issue entirely; what the British Transport Commission have done is to start with the figure of £17.07m.; we know we have to take out of that £17.07m. what there is in it for the increased fares. They have then said: "We won't give ourselves the trouble or difficulty of doing that; we'll assume it is *pro rata* on the 97 days and disregard every other factor there might be". Therefore they have taken out of £17.07m. a figure that might or might not be in it, and therefore your whole calculation is certainly very vulnerable.

1527. I suggest not nearly as vulnerable as yours, if yours be supported only by the arithmetical exercises you put forward in those documents. That is only arithmetical exercises you put forward?—Yes.

1528. Arithmetical exercises on certain assumptions?—Yes; if you can substantiate the assumptions as in all probability valid, they are perfectly fair exercises.

1529. I do not want to take up much time on these, because the exercise is so full, is it not, of assumptions?—Valid assumptions, I think, sufficiently for getting the figure they produce.

1530. Take your test No. 1. Your test No. 2, you agree, is really valueless as a test?—No. It is my test No. 2 in relation to the 409 that I say would be valueless if it stood on its own, but both Test No. 1 and Test No. 2 in 408 are all right.

1531. Let us look at the tests in 408, shall we for a moment. The first test, No. 1, sets out these figures of periods, makes certain adjustments for the strike and says: Increase over Budget for 84 days, 535; proportionate figure for 97 days, 618?—Yes.

1532. Therefore you say the 618 represents the amount received from the increased fares?—Therefore it is of that order, yes; I call it £0.7m.

1533. Excluding all other factors altogether?—Yes.

1534. That is the fallacy of it?—No, it is not, because I have tested that and the purport of LCC 409 is to test that.

1535. Taking it in stages, this test depends for its validity on your being able to isolate the figure of £618,000 from all other influences?—Yes.

1536. If you cannot isolate it, if there are other factors operating, you cannot deduce from this figure that that is the measure of the increased yield?—No, it is not the measure of the increased yield with absolute precision; the £618,000 is not that. That is why I call it £0.7m. It is of the order of £0.7m.

1537. It might be £0.9m?—It could not be; it would be a statistical miracle if it were £0.9m.

1538. If there were a fall in traffic over that period of £0.2m., it would become £0.9m.?—If there were a fall in traffic over that short period of 36 weeks which was entirely different from any that had taken place in the weeks immediately preceding it, yes, but it is a very high probability that if that fall took place then and then alone, it was due to the increase in fares, and therefore it comes off the figure and produces £0.7m.

1539. Let us agree with this, that this does involve, as you said a moment ago, being able substantially to isolate these matters?—Yes, because you must test the other matters if they are big, and that is the functions of 409.

1540. You see, you have told us this time (I was interested to hear you say it) that in cases of declines it is not possible to disentangle a decline?—After a fares increase, that is so.

1541. Do you remember saying that?—Yes.

1542. On previous occasions you were inclined to suggest you could disentangle things and show what was decline and what was something else?—You could show influences at work and on a previous occasion I put in some tables to show there was a fair measure of stability until the increase of fares in 1953 took place, and then there was a very steep decline in passenger receipts and passenger journeys and therefore the fair inference was that the influence of the fares increase had brought it about. You get the same, of course, on Table 709 if you keep in mind the necessary agreed adjustment for weather; you will find there was a comparatively small short fall up to September and then it becomes a very big one. There is nothing to show that that increase in short fall was due to the increase in fares, but it is a pretty safe bet that it was.

1543. Of course, traffic conditions in London tend to be at their worst at the end of November and in December?—In December, yes.

1544. Perhaps that is a factor you have not taken into account?—I have not specifically taken it into account, but it would not influence me very much. One must remember this, only part of the British Transport Commission's income is derived from buses that go down the highly-congested West End. It must mean a very small part, although I do not know what it is. Traffic conditions in the suburbs are certainly not worse, but, I should have thought, better in the winter—snow apart—than they are in the summer. Of course, Tube traffic conditions are often better in the winter than in the summer.

1545. Assuming Mr. McKenna is right and the 1955 and "B" year estimate of £72.4m. is right, you do not suggest that there is not a need for increased fares?—No, I do not suggest that.

1546. Do you seek to suggest that there is any other way in which the necessary revenue can be obtained?—I think you will ultimately succeed in saving £1m. a year on maintenance, but I do not think you will get it in "B" year.

1547. Let us ignore that. Am I right in this, that apart from the criticism of the receipts, which is shown in your Column B, that is the only aspect of this Application which you criticise?—The only aspect which I criticise, yes.

(Mr. Geoffrey Lawrence): That is the only aspect dealt with in your evidence.

(Mr. Harold Willis): He is the only witness you are calling, so I understand.

(Mr. Geoffrey Lawrence): For some of my other points the evidence has been supplied by your witnesses, Mr. Willis, or is in the form of agreed tables.

22 June, 1955]

MR. STANLEY WILLIAM HILL

[Continued]

Re-examined by Mr. GEOFFREY LAWRENCE.

1548. Just a few questions arising out of what Mr. Willis has put to you. You were challenged about your opinion that £3.7m. probably would not have been realised in the full year which unfortunately has not been allowed to run, and you said yesterday you had made that quite clear. May I in fairness draw your attention to Question 1268 on Page 7 of yesterday's transcript: "We will examine the figure of the order of £0.7m. in a moment, and see what foundation there is to rest that upon. If in fact that is the nature of the figure, then it would follow, would it not, on the assumption that the full annual yield is to be £3.7m., that Mr. McKenna's figure of £2.68m. must be increased to £0.3m.?" (A.) Yes, that will follow automatically. Then the learned President said: "We are all proceeding on the assumption that the estimated yield of £3.7m. was—or rather will be—realised?" I said "Yes"; then you said: "Precisely; that is most important and it is one of the considerations to which one has to direct one's mind when one comes to perhaps filling the gap in Line 13." Then the learned President said: "You have just said it is plain that a proportionate part of the £3.7m. was not realised. (A.) The proportionate part, I suppose, would be something about £0.98m. or £0.99m. A proportionate part purely on days would be £0.98m. If one takes the figures in the Commission's budget, it is £1.01m. or something like that; there is hardly anything between those. (Mr. Geoffrey Lawrence): Unless we are all living in the world of total unreality, the figure of £3.7m. is something everybody accepts, which the Tribunal last time accepted, accepted by the Commission and accepted now by us?" This is the point to which I want to draw your attention: "(A.) I must say now that I myself am not convinced that the Scheme produced £3.7m. That is a consideration to which I would have regard later on. I am not satisfied it did, but it does not impair the validity of that calculation as long as you remember it might have to be dealt with. There is, of course, one point which I think is quite important here. The fact, if it be a fact, that the Scheme only produces £3.7m. in the initial period, itself does not indicate that £3.7m. would not be realised in a full year." Then you go on to talk about the unfavourable reaction to increases. That is the passage you had in mind?—Yes. There was a very particular reason for giving effect to it in that way. I have stated in answer to questions of Mr. Willis in cross-examination that my view as to why the British Transport Commission's estimate for 1954 is as near as no matter correct is because the 1953 Scheme did not produce what was claimed for it. That 1 per cent. which was allowed to the BTC for falling off or whatever you like had to take care of that. It will be remembered that some figures put forward at the previous Inquiry did throw considerable doubt as to whether the 1953 Scheme had produced what was claimed of it. I think the same might well have happened in 1954. That was the reason for dealing with all the other factors for which you make the allowance.

1549. Yes. It has been rather repeatedly pressed upon you, and it was put to Mr. McKenna in his re-examination, that there is a great difference between the two of you, you and him, in the way in which you have dealt with the approach to whatever is the true figure of gross receipts for "B" year?—Yes.

1550. Do you even yet understand what that difference consists in, if it exists at all?—No. The approach differs only in this: It is common ground between the two of us that the exercise we have to undertake is to start with the 1954 receipts and take out of them any abnormal factors that are in them, and indeed to take out of them the amount of receipts they got from the 1954 increases and then to add the whole of the yield of the scheme whatever it may be. The only difference in approach is that I seek to take out what I think the figures indicate they did receive on fair assessment of the probabilities, namely, the 0.7, whereas the BTC seek to adjust the figure on a ratio basis according to their budget. That is all the difference of approach there is.

1551. That means, as I understand it, you are seeking, having started, as you both do, with a factual figure of £70.07, to take out what is the best possible calculation of a factual figure for increased receipts in the initial period of 1954?—Yes.

1552. Whereas they are taking out a figure which does not pretend to be factual, but is merely the result of a proportionate exercise?—Yes. When one keeps in mind that it has been, I think, agreed by the British Transport Commission on more than one occasion that the reaction in the first two weeks is always greater than in a full year, I would say their method is vulnerable on that alone, and they have made no allowance for that.

1553. The figure of 0.93 that appears in Column A on LCC 407, as I understand it, is a resultant figure that appears at 0.93 as a result of what Mr. McKenna has done?—Yes.

1554. Not on the basis of assumptions you have made?—That is so.

1555. Except in so far as you have put the bad weather conditions £0.56m. which is a figure he told me yesterday he did not quarrel with it?—Yes.

1556. That £0.93m. is more than 1 per cent. of the actual 1954 receipts, is it not?—Yes.

1557. Does the inclusion therefore of a figure in excess of 1 per cent. for further fall in traffic involve the assumption that the fall in 1954 on 1955 is to be at a greater rate of decline than the fall in 1954 on 1953?—Yes, it does really mean that things are getting worse at an accelerating rate.

1558. That is the point on which you beg leave to take issue with him, is it not?—Yes.

1559. And so far as the position in May of each year is concerned, your attention has been drawn to BTC 22, which shows, I think on the 29th May, a deficit under the estimate of £0.237m.?—Yes.

1560. If you will look at 709 B, for May 30th, 1954, which was before there was any increase in fares, I see the deficit at that point was greater than £0.237m.; it was £0.305m.?—Yes, and there was no partial bus strike in the period preceding it.

(Mr. Geoffrey Lawrence): That is all, Sir, unless you would like to ask Mr. Hill some questions.

1561. (President) (to the Witness): We have in fact a record of the actual results of the full scale fares settled in September last; we have a record of the result of for 244 days, have we not?—That is so.

1562. Except for this artificial division of the period at the end of December, we have two-thirds of the year to examine to see what the result of the fare changes was?—Yes.

1563. Have you applied your mind as to, if you take that period of eight months, what deductions can be drawn from it?—I must admit I have not, no. I rather wish I had looked into that.

1564. Of course that is the eight months during which the old scale was in operation?—Yes.

1565. I should have thought for myself the best way of finding out what the result of the change made in September was would be to examine the whole period of the eight months during which that change was in operation?—Yes, I think that is so. The difficulty one meets, of course, is the measuring rod, whether it is to be against the Commission's budgetary figure or as against the actuals in the corresponding period of the previous year, adjusted.

1566. Leave out for the moment the budget figures. Merely as a matter of arithmetic, would it not have been a good thing to see what, in those eight actual months, had happened?—Yes, I think so; it would have been.

1567. But you have not yourself done it?—I have not made a test taking the parts of 1953 and 1954 together.

1568. Of course, we shall never now know what the results of the change made in September last would have been for a full year, because they were never in operation for a full year?—That is quite so.

1569. You do have eight months' actual experience to go on?—That is quite so.

1570. May I ask half a dozen questions on a topic which is not in issue between Mr. Lawrence's clients and the Commission: The Central Charges allocable against the London Transport Executive. Among the

22 June, 1955]

Mr. STANLEY WILLIAM HILL

[Continued]

figures you have shown to us on this occasion is an allocation of £5.5m.?—Yes.

1571. As a contribution by the London Transport Executive to its charges?—Yes.

1572. It seems to me that there are reasons which at first sight suggest that the contribution ought to be higher than £5.5m.?—Yes.

1573. I am right, am I not, in thinking (I have jotted it down) that in 1953, after, and as a result of, a considerable controversy on this particular point we decided for the purposes of that Inquiry that the right contribution was £5.4m.?—Yes.

1574. And the total apportionable central charges were assessed at 53.9?—Yes.

1575. In other words, we have not done it as an arithmetical sum; we have assessed the contribution of London Transport at just fractionally over 10 per cent.?—Yes.

1576. If you look at "BTC 1" for the moment, so that we may come to some agreement as to what would be apportionable to central charges in "B" year, you get an item of £5.97m, as being the total central charges according to the table?—Yes.

1577. And everybody has been agreed in the past that one must deduct from that, before you begin to apportion anything, the interest, receipts and miscellaneous things?—Yes.

1578. That is £1.5m.?—Yes.

1579. That will reduce the figure in line 24 to £58.2m.?—Yes.

1580. That £58.2m. includes £1m. under the general heading "Special Items"?—Yes.

1581. In the past you have always said, when we have discussed it, that that figure was too high?—Yes.

1582. And in fact in 1953 we reduced it to £0.6m. If we make a similar reduction now in your favour from £1.4m. we shall get total apportionable central charges of £57.8m.?—Yes.

1583. If 5.4 was a correct apportionment when the central charges were 53.9, the apportionable central charges being now 57.8, do you not think that on almost any basis the figure should be more than 5.5?—I must admit that I did not quite look at it in that way, because that assumes a constancy of percentage to apply, and I am not too sure that the percentage in 1953 would be right now in view of the Road Fund exchanges and everything else. I have not tried to disentangle the exchanges; the only way I tested the 5.5 was to ask: What is the likely change in the capital position of London Transport, less what will be provided for depreciation, since last year? I must admit that I did not go back to 1953, but only back to 1954. I had no accounts, of course, on which to work, but I reasoned that it was unlikely that new capital expenditure in London in these past twelve months had exceeded by any significant amount the figure for depreciation, and therefore it would give no rise to a

further interest charge, and that is the only test. I must admit, I made.

1584. When we did discuss this matter at length and examined a large number of possible apportionments and the Capital Account, I think in the end we rather thought the working expenses were another matter; in actual fact at the 1954 Inquiry the central charges were included on this same method, and the apportionment was £55.5m.?—Yes.

1585. There has been a considerable increase since then?—Up to £57.8m.—a £2m. increase; that involves the assumption that the same sort of ratio will necessarily apply if you take it to London. I am not at all sure it will, in view of the changes in the condition as a whole.

1586. If one applied the same ratio as is to be derived from our figure in 1953 it would be £57.9m.?—Yes, certainly.

1587. Something between £5.5m. and £5.79m. would be derived, do you not think?—Looking at it from the London position, I do not really think it is above £5.5m., but if you approach it boldly and assume that something like the same percentage would apply, it would be higher; but I am very suspicious about the application of percentage in view of the changes which affect the position.

1588. I agree it would be wrong to say that because we arrived at a figure which was round about 10 per cent. of the total apportionable central charges in 1953 it must be round about 10 per cent. for all time; on the other hand, there has been this growth in the apportionable amount—it is quite a considerable sum?—Yes, nearly 5m.

1589. Not quite so much as that?—£4.7m.

1590. From £53.9m., apportionable in 1953, to £57.8m., just under 4?—Yes. It would certainly be influenced, if one had accounts up to 1954 or for the half-year to June, by a matter which I am not sure has been resolved yet; the surplus amount which the London Area provided since 1948 when they equalised maintenance. It would be influenced by several millions and I do not know how they have been dealt with yet. It is not apparent. I have to admit that when looking at this I saw nothing wrong with the £5.5m.—nothing I need quarrel with.

1591. We are not here before your estimates or by the Commission's estimates. It rather looks as if we had better do a little arithmetic ourselves when the 1954 accounts arrive?—Yes.

(President): Have you any question on that, Mr. Lawrence?

(Mr. Geoffrey Lawrence): If you please, Sir, I wish to say only that I am sure some figures of these 244 days would be of assistance to the Tribunal; Mr. Hill will look at the position, and I might subsequently be able to make a brief statement to the Tribunal or to ask leave to recall Mr. Hill, if there be any help we could give.

(President): Would you look into that?

(Mr. Harold Willis): We are also looking into it.

(Mr. Geoffrey Lawrence): I have no doubt you are.

(The witness withdrew.)

(Mr. Geoffrey Lawrence): That is the evidence I desire to call in support of my case. My learned friends have their cases to present, and you may recollect that last time it was found convenient that I deferred my closing speech until you had heard all the evidence and remarks and speeches from the other Objectors. I have discussed this matter with my learned friends on this side of the room, and they are of opinion that the same procedure would be convenient to them if it be not inconvenient to the Tribunal.

(President): Do whatever is convenient to yourself.

(Mr. Geoffrey Lawrence): I am much obliged. What I would like to say is that I shall make a final speech on this matter if I can take an opportunity of doing it not later than Friday morning at the very latest—I should hope on Thursday afternoon. I have mentioned it to my learned friends, and they think there is no danger of our running longer than that.

(President): Even if we have not concluded the evidence, we shall be quite prepared to interpose your speech so as to hear it at a moment most convenient to you.

(Mr. Geoffrey Lawrence): That is very kind of you, Sir.

(Mr. Mercer): If you please, Sir. Subject to your approval, it has been agreed that I should come next. Before doing so I should perhaps indicate that the last audited Balance Sheet and copy of the cyclostyle News Letter issued to members by the London Passengers' Association has been handed in to the Registrar together with a statement of members showing 20 affiliated Associations and 298 ordinary members on the books together with a further copy of the Constitution, and in that connection I find that I was wrong in saying that it had not been amended since it was last submitted; it has been amended to allow for the admission of these affiliated Associations.

(Mr. Harold Willis): Does your distribution include us? (Mr. Mercer): Do you mean the cyclostyle News Letter?

(Mr. Harold Willis): If you please; we should like to see what you have handed in.

(President): I shall hand it to you now. (Document handed to Mr. Willis).

22 June, 1955]

[Continued]

(Mr. Mercer): I do not know whether there is anything secret in the accounts, but I am sure my friend would not without approval—

(Mr. Harold Willis): I shall be most discreet in the matters I ventilate publicly at this Inquiry.

Mr. SIDNEY GEORGE HILLS, sworn.

Examined by Mr. MERCER.

1592. Is your name Sidney George Hills?—Yes.

1593. Do you live at 44, Gilbert Street, Enfield, Middlesex?—Yes.

1594. Are you Chairman of the Federated Ratepayers' Association of Enfield?—Yes.

1595. Is that one of the Associations affiliated to the London Passengers' Association?—Yes.

1596. What is your experience of travel by London Transport facilities generally to and from your work?—Since 1945 I have been travelling to and from London. First of all I travelled from Enfield to Kensington; then I travelled from Enfield to Fulham; now I travel from Enfield to Brentford every day.

1597. (President): Those are periods of time?—Yes, since 1945. I always travel from Enfield.

1598. (Mr. Mercer): You are aware of the fact that increases in fares have recently been imposed?—Yes.

1599. Apart from your concern over all the increases, what is your main concern so far as this increase affects you and your colleagues?—I travel by trolleybus and Tube, and my main objection to the increases in fares in recent years has been the fact that they have been proportionately higher on the people who travel early in the morning.

1600. In what way has that affected travellers such as yourself?—I travel from Ordnance Road, Enfield, to Manor House Tube Station by trolleybus; the ordinary single fare has gone up in recent years, over a period of several increases, from 10d. to 1s. 2d., an increase of 40 per cent. But I used to be able to get a workman's return ticket part of the way—half-way in fact—for 5d., so that my daily charges were 5d. return plus two 5d. single tickets between Angel Road to Manor House, making a total daily outgo of 1s. 3d. To-day over that same distance instead of the workman's return fare there is an early-morning fare which I can get to Angel Road of 5d.; I then pay a single fare from Angel Road to Manor House of 8d., and on the return journey the single fare from Manor House to Ordnance Road is 1s. 2d. The total daily outgoings are therefore 2s. 3d., an increase of 80 per cent.; therefore I think people like myself pay proportionately very much more towards the increases than people who travel at ordinary fares.

1601. Does that arise in part by reason of the effect of the system of giving you an early morning season ticket on the outward journey, but forcing you to buy an ordinary

(Mr. Mercer): Thank you. With your approval, Sir, I would like to call three witnesses, only one of whom is actually from the Association. Two of them are members of affiliated Associations. Thereafter I would like to make my submissions and thus dispose of my case.

ticket on the return?—Yes; the former so-called workmen's return fare was more advantageous.

1602. And more equitable, from what you just told us?—Yes.

1603. So in practice this is a typical consequence of the procedure as it applies to-day?—At the present time there is hardly any advantage in it at all; I can save only 1d. a day by leaving home, as I do, at half-past 7, whereas I saved 5d. a day several years ago.

1604. So that your ordinary fare would be 2s. 4d., and your fare by using such early morning facilities as are available is now 2s. 3d.?—Exactly.

1605. To what extent is that affected by the services provided for you in the way of the running of the buses and trolleybuses in your area?—It is my experience travelling daily that while the fares have been going up the service has been going down.

1606. To what extent have you observed that during past months?—I have noticed, travelling as I do by trolleybus from Manor House Tube Station in the evening, there are buses going in my direction stopping at Edmonton, Ponders End and Waltham Cross. I have to catch the Waltham Cross bus. The number of buses going to Waltham Cross seems to be declining, whereas the number going to Edmonton and Ponders End—shorter journeys—remains the same.

1607. As against that shortening of services, what appears to be likely to result, or what is resulting from the increases in fares?—I know several people who have in recent years given up using all public services in favour of other means of transport, either small cars, motorcycles, scooters, or even bicycles.

1608. What is the effect so far as you are concerned?—I do not particularly want to buy a car; I have no ambition that way; but I have a long journey to do, and, quite frankly, if the fares continue to rise and the bus services get worse and worse I shall possibly get a car; I shall not be a good driver; I shall add to the lack of safety on the road, no doubt!

1609. You did have something further to say about cheap fares, but in that connection I believe all you desire to say is that you congratulate the Executive on its recent proposals, and in such way as you and your Association can, you will endeavour to boost the Executive's finances by using these facilities?—We have several times at meetings complained of the lack of cheap fares as compared with pre-war days, and we are all grateful to know that something is being done at long last.

Cross-examined by Mr. FAY.

1610. You say your fare has gone up by 80 per cent.; since when?—I cannot remember the exact year, but certainly since the war.

1611. A lot of things have gone up by 80 per cent. since the war?—But the ordinary fare has only gone up 40 per cent.

1612. It is because you are an early morning traveller that you are complaining. But before I come to that, you are complaining of a shortage of buses on the final stage of your route. For how long do you have to wait?—It varies.

1613. (President): How long did you have to wait yesterday?—I should say about six or seven minutes.

1614. (Mr. Fay): And I suppose when the bus came it was more crowded than the buses were when there were more of them?—Definitely.

1615. That is what we call a better payload; do you know that expression?—I am well aware of it.

1616. It helps to keep the fares from going up more?—It has not prevented their going up.

1617. They might have gone up more if there were a lot of half-empty buses running along your route; do you appreciate that?—The service is what concerns me.

1618. Would you be prepared to pay for a more frequent service than the number of passengers justifies?—More people would travel if there were better services.

1619. That is your answer. Now let me come to your main point regarding early-morning fares. They are the descendants of the old workmen's fares?—Yes.

1620. They were cheap fares going back to Victorian days when workmen were very badly paid and it was thought they should have cheap travel?—That is so, but many people who live in the Outer London suburbs took into consideration when they went to live there the facilities for travel, which included in those days those cheap facilities, the workmen's return fares. It must be borne in mind that even if you work in an office, if you live a long way out you may still have to leave home at 7.30 in the morning as I do.

1621. So your complaint is based completely upon the fact that people are attracted to move further out of

22 June, 1955]

Mr. SIDNEY GEORGE HILLS

[Continued]

London by some cheap facilities?—My complaint is that these particular fares which were provided have been taken away.

1622. Now that we have you here as an early-morning fare payer, I would like to know what you think is the justification for people who travel at an early hour getting to their work more cheaply than the many millions who have to be at work later?—I should not think there were many millions who had to be at work later than I do, which is at 9 o'clock.

1623. You manage to get early morning fares part of the way?—Because it takes me $1\frac{1}{2}$ hours to travel.

1624. If you start still earlier you get early morning fares the whole way?—I do on occasion; it is the only way I can get my own back on the increases.

1625. Do you think there would be any justification if one started afresh from scratch with a new system to provide for early-morning cheap fares?—I think the London Transport Executives should provide cheaper fares for people who use their services regularly night and morning than for people just making occasional journeys up to Town for shopping.

1626. Have you tried taking a season ticket into Liverpool Street and going that way?—There would be no point in that, because it would take me longer, and it takes me long enough at the moment.

1627. Do you go on the Tube from Manor House?—I do.

1628. Have you a season ticket on that?—I have.

1629. So you do get a reduction because you are a constant traveller?—But I do not see any reason why there should not be season tickets covering trolleybuses as well.

1630. I see; that is something we have never been asked for at these inquiries; you have a season for the Tube part and an early-morning fare for the first of the two bus stages?—No; the first part of one bus stage.

1631. And there is a little piece between where you have to pay the full fare?—Yes, the part over which I travel after 8 o'clock.

1632. You are not doing too badly?—I do not quite see what you mean by that.

1633. We shall leave it there.

Re-examined by Mr. MERCER.

1634. I take it what you mean by the fact that you would like your ticket to be such that it would cover the whole journey is that you support some scheme of inter-

(The witness withdrew.)

Mr. ARTHUR HERBERT KILROY, SWOTH.

Examined by Mr. MERCER.

1635. Are you Arthur Herbert Kilroy?—Yes.

1636. Do you live at 31, Penfold Road, N.9?—Yes.

1637. Are you Chairman of the St. Alphege's Rate-payers' Association?—Yes.

1638. Are you a member of the Edmonton Residents Alliance?—Yes.

1639. And a co-opted member of the Edmonton Borough Council Traffic Facilities Committee?—Yes.

1640. So far as your own experience of transport is concerned, I understand that you travel to work by bicycle?—Yes.

1641. (President): How far?—Approximately $1\frac{1}{2}$ miles.

1642. (Mr. Mercer): You have for many years travelled by bicycle and are not suggesting that the fares affect your own mode of travel in that regard?—Only by a broken journey; the fares are not considered.

1643. You mean that a broken journey would be involved?—Yes.

1644. But you do, as it happens, interest yourself in transport matters?—Yes, I was born in transport.

1645. How do you explain that?—My father was a job master; I earned my living in the transport industry, and I still do.

1646. (President): Are you a haulier?—No. I was until 1929; from 1920 to 1929 my family ran a transport business.

1647. (Mr. Mercer): Briefly you propose to give us examples of the operations of fares increases in relation to what you yourself have observed?—Yes.

1648. And you have permission to refer to various gentlemen as being typical of experiences of the use of transport in your district?—Yes.

1649. The first is a Mr. Perry?—Yes.

1650. What is his position so far as transport is concerned?—This young man travels from Waltham Cross to Tottenham daily; previously he was able to get a workmen's fare of 7d. That was a few years ago; since the change from workmen's fares to early morning fares he now pays 7d. to Tottenham and 1s. to go back, which is 1s. 7d. a day, representing an increase of over 200 per cent. in his fares as against his wages—approximately an increase of 50 per cent.

1651. What has happened as a result of that?—He has changed from travelling by bus to travelling by bicycle and now cycles half an hour's journey night and morning.

1652. The next gentleman is a Mr. George?—Yes, he is of similar circumstances to Mr. Perry; he lives a little further away. He lives adjacent to Waltham Cross and rides to Tottenham and back by bicycle, whereas he used to ride by bus. This young man emphasised the fact that at the end of the war he was able to get a workman's ticket from Lordship Lane, where he then lived, which is in Tottenham, and travel to Waltham Cross and back for 6d. Today the same journey costs 1s. 7d. (I think it must be 2d. more now).

1653. Does he travel by bicycle part of the way?—Originally he travelled by bus; now he travels by bicycle.

1654. He uses the bicycle all the way?—Yes.

1655. Thirdly, we have Mr. Roberts, have we not?—He is a young apprentice living in Shoreditch. He travels to Tottenham every day from Shoreditch by bus and the fares are out of proportion to his wages. He pays 1s. 7d. a day in fares and his wages are much lower than any of those other men due to the fact that he is an apprentice. It is a very heavy burden on his income; he should have a workman's fare.

1656. He is still using the bus at the moment?—Yes.

1657. Then there is a Mr. Arms?—He is an engineer living in Cheshunt; he used to come by bus but owing to the irregular service and the increased cost of fares he considered the difference between keeping a small car and riding by bus. He bought a small car and is using it to travel to and from work, taking two or three of his companions with him who contribute to the cost of running.

1658. Then there is a Mr. Edmonds?—He used to come by bus. He lives in Cheshunt. He has bought an automobile in order to cut out the increased cost and irregularity of the service on which he travels.

1659. In what way do increased fares and the irregularity of service affect you as a user of the service or your companions so far as wages are concerned?—In the firm where I work we have an early morning allowance for being in early, which constitutes half a crown a week; if you are late one morning you lose that half a crown. If you are early for a considerable period, then at the discretion of the management they give you £1 bonus on your early morning money. You have only to be late on one morning and you lose your half crown and also your early morning bonus. If you look at that you find that it can involve a man in quite a loss—the half a crown plus his lost time.

22 June, 1955]

Mr. ARTHUR HERBERT KILROY

[Continued]

1660. Have you observed any differences in the service of late?—The services in the last two years have been very irregular indeed. There is a considerable amount of bunching up of the services; you get long gaps in between the buses. I have taken the trouble to check on behalf of the Committee to which I belong. I have driven from White Hart Lane to Waltham Cross on several evenings to check the number of buses and have found between White Hart Lane and Edmonton boundary (a distance of half a mile) approximately one bus; between the boundary and Angel Road (about a quarter of a mile) possibly two buses—it varies from night to night; and from there to the Town Hall (about three quarters of a mile) it has been possible to find four buses. Again, in Southbury Road, on the boundary of Enfield and Edmonton, I have seen four buses—sometimes as many as seven. Between Southbury Road, where there has been a bunch of seven, and Waltham Cross (a distance of four(?) miles), I have seen no buses whatever.

1661. It was suggested when I put this matter generally to the Executive witnesses that this sort of situation was simply the same as has existed over a number of years?—No; it has got worse over the last two years and is getting worse still.

1662. Were you, in the course of a circular sent to you on the 7th June from the Town Hall, Borough of Edmonton, advised that "this matter of complaints about services was raised at an interview which the Member of Parliament, the Mayor and the Town Clerk had with Sir John Elliott, Chairman of the London Transport Executive, on the 3rd May, 1954. It was stated on behalf of the Executive that owing to shortage of staff it had been necessary on a number of occasions during the last winter to turn trolley buses on these routes short of their scheduled destinations at various points"?—Yes.

1663. Were you of the opinion from that, that that was an admission by the Executive that these were matters which had worsened over the past six months?—It has happened a great deal more lately and there have been a considerable amount of complaints from the residents of Edmonton and Enfield of the short-turning of buses upsetting their travel.

1664. What do you consider from your study of these matters is the effect of fares increases against the back-

ground of this shortening of services?—It is driving people from buses and causing them to find alternative means of travel.

1665. I think you have a word to say about new estates. Is there a new estate at what is known as Flampstead End?—Yes, beyond Cheshunt in between the Cambridge arterial road and the old Hertford road.

1666. It was suggested that in the main these new estates were self-contained with their own industries, shops, etc.?—Edmonton builds its estates and endeavours to make them self-contained. The shops that go on those estates are owned mainly by the local tradesmen and not by the usual market people, and the shopping in those shopping centres is not as good as it is in the main markets; the materials in the shops are generally there for two or three days longer than they are in the market and considerably dearer and people would prefer to travel to market the same as we do and get the advantage of fresher and cheaper goods.

1667. Does that mean travel is involved and the necessity for transport increases with the new estates and re-settlement of the people in them so far as your own experience is concerned?—Yes. The fare from Flampstead End to Waltham Cross is 5d.

1668. Finally, you did desire to say something about cheap fares, but your proof has been altered by reason of the recent announcement yesterday and I believe in that connection you wish simply to offer a word of congratulation to the Executive for its action?—Yes, I would like to congratulate the London Transport Executive on its nice gesture and would like to see the Executive continue to see if these facilities can be extended further still. I know the people in the district which the locals call the Marrow Country would like the service to be run on Sunday mornings instead of only Sunday afternoons and if we are going to have cheap fares on Sunday mornings it would possibly be to great advantage to the people to travel on Sunday morning. It is near to Epping Forest; cheap fares would encourage them and add considerably to the Executive's revenue.

1669. You feel it would no doubt increase the goodwill between the users of the Executive's services and the Executive itself?—Yes.

Cross-examined by Mr. HAROLD WILLIS.

1670. You are a co-opted member of the Borough Council Traffic Committee?—Yes.

1671. So you have some appreciation of the difficulties of running transport, I expect?—Yes.

1672. It will not surprise you that many of the things you have told us today are things we already know about and very much appreciate?—Yes.

1673. For instance, the fact that more people are going by bicycle and private car to their work than used to be the case?—Yes.

1674. That is one of the difficulties in which we find ourselves today?—I appreciate that quite well, but there is another side to it, of course.

1675. Are you in business?—No, not now. I have been.

1676. Businesses have to be run on a business footing?—Yes.

1677. You have to get enough receipts to pay for expenses?—Yes.

1678. Or you are in trouble?—Yes.

1679. When you were in transport, I suppose, you adjusted to your charges if your expenses went up?—The expenses went up very considerably during the war and freights dropped between the two wars.

1680. That is the reason why you went out of business?—Quite so; we sold out.

1681. London Transport cannot sell out?—They have to provide public service.

1682. That is the difference between a public service and a private concern?—Yes.

1683. You have referred to these particular cases where people's fares have gone up—Mr. Perry for instance:

you say he used to pay in the workmen's fare days 7d., and now pays 1s. 7d. But a lot of other things have gone up as much as that?—Only two things, in my opinion; coal and transport.

1684. What about cigarettes?—That is a luxury.

1685. Is Mr. Perry a smoker?—Yes.

1686. You associate with various people who are wage earners in Edmonton?—Yes.

1687. Do you find that their wages have been going up?—Yes, but not in proportion to transport and coal.

1688. They had gone up very substantially?—Yes, I am an engineer myself.

1689. You have had good pay increases?—My pay is no more than 95 per cent. more than it was in prewar days.

1690. (President): Is that the basic?—No, not the basic.

1691. You mean earnings?—Yes.

1692. What is the difference in the rates?—The rates have gone up considerably but earnings have not gone up in proportion to the rates. The basic rate has gone up 100 per cent.

1693. (Mr. Harold Willis): It is true that many of these new estates are on the self-contained basis?—Yes.

1694. If there be a new estate and people want to come from the new estate into a neighbouring market, then they naturally want to find a bus service provided for them?—Yes.

1695. Do you know that when applications are made for new bus services they are most carefully considered by the London Transport Executive?—I would not like to say No to that, but I have had a lot of experience in making applications for bus services and I would like to say that I think the London Transport Executive says No more often than it says Yes.

22 June, 1955]

Mr. ARTHUR HERBERT KILROY

[Continued]

1696. But you, having had experience of business, know that it would not be right for the London Transport Executive to put on a bus service which was going to lose a great deal of money because it would be unfair to other bus services and their users?—I agree with that.

1697. You appreciate that there is always the other side of the picture?—Yes.

1698. People are very ready to expect when they move to somewhere new to find facilities provided for them?—I am glad you raised that subject, because that has been a subject of controversy for a long time. It would appear that there are some places which get bus services before they are developed and there are others which even when they are developed are still waiting for bus services.

(The witness withdrew.)

(Adjourned for a short time.)

Dr. LESLIE ERNEST CHARLES HUGHES, sworn.

Examined by Mr. MERCER.

1704. Is your full name Leslie Ernest Charles Hughes?—It is.

1705. And do you live at 15, Avenue House, Abbotson Road, St. John's Wood, London, N.W.8?—Yes.

1706. Are you a Doctor of Philosophy in the Faculty of Engineering in the University of London and a Member of the Institution of Electrical Engineers?—That is correct.

1707. You are also a member of the London Passengers Association?—Yes.

1708. Did you, as a member of that Association, give evidence before this Tribunal at its Inquiry into the 1953 Scheme in relation to statistics concerning clothing issues to London and provincial transport staff?—That is correct.

1709. What is generally your interest in transport?—Generally as an engineer, and in particular having used London Transport all my life and, therefore, having to pay for it.

1710. In that connection have you studied the schedules of increases of fares recently composed and now the subject of this Inquiry?—Yes, to some extent.

1711. What views generally have you formed about that fare scale?—It certainly affected me during the strike, but fortunately does not otherwise in the normal way.

1712. What do you feel is likely to be the position so far as the alterations at present in operation are concerned—that is the increases recently imposed?—Generally speaking, I conceive it a hardship on many people.

1713. Are you of the view that there are any other means by which the finances of the LTE in particular may be improved?—Undoubtedly there are minor ways; but one major one which the public cannot understand is the proposed replacement of trolley buses with diesels.

1714. In that connection, have you observed that 312 buses and 138 trolley buses are being withdrawn from service as stated at this Inquiry?—I have observed that observation, yes.

1715. Have you also had under consideration the fact that the Committee of Inquiry into London Transport does appear to commend the changeover from the use of trolley buses to diesel buses?—I understand that is so; but from the virtues of trolley buses, we cannot understand the vast expenditure of money and the scrapping of material to the extent involved.

1716. Have you also considered this in relation to the falling off of staff; in other words, the fact that there are fewer operatives available every year to operate either diesel buses or trolley buses? How does the question of the loadings affect this matter?—In as much as trolley buses take more people and have higher acceleration and better schedules, it is reasonable to suppose they would require less staff for carrying a given amount of people, and therefore that is against the replacement of the trolley buses.

1717. So far as the proposed replacements of trolley buses by diesel buses are concerned, have you considered that the advice that the Executive would have on this matter would be related to the way in which the Executive is formed and the fact that the Committee of Inquiry have referred to

1699. That is because there are a lot of other factors which are different in some places from others?—Yes.

1700. Did a deputation go to see Sir John Elliott?—I did not go, but a deputation from Edmonton went including a large number of Councillors, two or three M.P.s and representatives from the London Passengers Association.

1701. And was the deputation received in a most courteous way by the London Transport Executive?—Yes.

1702. And was an explanation given on the matters raised?—Yes.

1703. You are not dissatisfied with the way in which the delegation was treated?—No, not at all.

the position that there is no general manager for each of the separate services and therefore no general manager for trolley buses?—Not being an administrator, that would be a bit beyond my competence to judge; but I should imagine that since we have various services in London, there ought to be some very close liaison between the people who run the services. Of course, being an outsider, one cannot judge whether that is good or bad.

(President): We are not going into the questions as to how the BTC should be organised internally.

(Mr. Mercer): No, Sir.

(President): I think the Doctor is very wise to say that, being an outsider, he has not any strongly or firmly formed opinion on the topic.

1718. (Mr. Mercer): You are looking at this matter, by and large, from the engineering point of view?—From the engineering point of view and also the travelling public's point of view.

1719. Have you any figure in mind which would be involved in this replacement so far as the cost to the undertaking and the public is concerned?—We understand that new diesels cost about £4,000 each, and there are to be about 1,700 of them; so that is £5m. or £6m. straight away. Then there are very considerable services required, storage of oil and so forth, and the calculations seem to show that the cost of the new plant plus the wastage on the old plant might amount to anything up to £15m. and we do not know where the money is coming from.

1720. It was suggested, when I put this matter to the representatives of the Executive, that since the trolley buses would be replaced gradually, in fact no additional burden would fall on the undertaking at all by the replacements. Would you agree with that or not, from your knowledge of engineering and its costs?—If it was spread over a very long period that might be true; but we understand that it is going to happen in the next two years, which is very quick considering the magnitude of the undertaking of scrapping what you have got now, which is very efficient and desirable from the public point of view, for something which is not so good.

1721. I see. So in those circumstances you rather take the view that it could cost anything up to £15m.; is that your understanding of the matter?—That is a very rough estimate; the details of which, of course, we cannot substantiate.

1722. What do you suggest are the particular virtues of the electrical trolley bus?—The particular virtues are high acceleration, no fumes, no noise, a very considerable overload of carrying capacity going up hill, such as I see every day at Crystal Palace, and a larger period of time on the road because of the lower maintenance time required; electrical apparatus, and so on, has a very long life and low maintenance as compared with diesels and petrol engines.

1723. What about its co-ordination with central traffic?—The most useful use for trolley buses is when their services are between 5, 10 and 15 minutes; so obviously in the Central Area—as in fact has never been done—there should be no trolley bus at all. But if it is ever

22 June, 1955]

Dr. LESLIE ERNEST CHARLES HUGHES

[Continued]

considered—as we think it ought to be considered—a complete re-organisation of the routes and so forth in London, feeder services by the trolley buses to a perimeter area would be ideal, leaving the Central Area to be served by diesels, fixed price and various arrangements which we find in other places.

1724. That would be, in your view, a proper way to organise the services and obtain the best use of the trolley buses?—Yes; in fact the trolley buses do that slightly already, like the reverse in Fitzroy Square and Farringdon Road. That is doing the best with trolley buses in those circumstances. That should be greatly increased in the suburbs.

Cross-examined by Mr. FAY.

1729. You have no complaint about clothing this time, I gather?—No. It was turned down as being too trivial on the last occasion.

1730. Let us see what happens to this complaint about trolley buses. You say today that the Executive are quite mistaken in their policy of replacing trolley buses eventually by diesel?—We do not say they may be mistaken, but we do not know the reason for which they are acting.

1731. Will you accept it from me that it is a financial reason?—I would not like to, no.

1732. That is the reason which brings you here, is it not?—I beg your pardon! No, not at all.

1733. Is it not? I thought you were saying if the trolley buses were retained the Commission would be better off and would have to seek less fares increases?—That is so.

1734. Now, Dr. Hughes, have you any facts or figures on which to base this financial argument of yours?—Only what I have stated already.

1735. I see. Of course, if the Executive are right in assuming that it will be cheaper for them in the long run to have diesel buses instead of trolley buses, you would approve?—Certainly not. In the long run I do not think we could afford at the present time, even immediately or in the long run, to dispose of what is most efficient, and which engineers are agreed is the most efficient form for shifting people, for something which is less efficient, which uses imported fuel instead of home grown fuel, and technically has great advantages.

1736. What is the home grown fuel?—Coal.

1737. Did you read this morning in the papers about the imports of coal?—Yes; but you are going to have nuclear energy to replace that.

1738. We keep the trolley buses until we can run them on nuclear energy?—No; but we must not start scrapping them in the middle.

1739. If the Executive thought it was right, in the interests of economy, to replace trolley buses with diesels, would you quarrel with that?—Not if they published the fact carefully and beyond quibbling.

1740. Did you give evidence before the Chambers Committee?—No.

1741. Your Association did, did it not?—Yes.

Re-examined by Mr. MERCER.

1757. Just to have this clear, is your evidence related to the immediate problem of fares increases?—Yes. To my mind, as an amateur in these things, there will be enormous reaction if they undertake this enormous expenditure.

(Mr. Mercer): Thank you.

(Mr. Mercer): I have some submissions to make, Sir, in respect of the Objection lodged on behalf of the London Passengers Association. The first is that table BTC 1 shows that the alterations proposed are part of a policy which is basically unsound and in the Scheme as altered will not, in the submission on behalf of the Association, succeed. That first submission is very similar to the one that was made on the last occasion on behalf of the Association and, I think, is perhaps borne out in even greater contrast on this occasion when we examine

1725. Is it your view that this scrapping of the trolley buses in this short period of time must have an effect upon the finances of the LTE?—That is my common sense view.

1726. In turn, of course, that has an effect on fares?—I should imagine so.

1727. You would regard it as an unnecessary luxury?—That is not quite the word; it is not a luxury. The trolley bus is a most efficient vehicle in my view. It is not a luxury in that sense.

1728. It would be a luxury to abandon it?—I think it would be stupid to abandon it.

1742. Do you know whether they raised this question?—I am not certain; I was not there.

1743. You have read the Report, of course?—My attention was drawn to certain paragraphs.

1744. You know the Report deals with this question?—I expect it does.

1745. Do you not know whether it does?—I do not think my attention was drawn to the fact.

1746. Then you have come to give evidence about this point but you have not even bothered to inform yourself what the Chambers Committee said?—Not personally.

1747. May I give you a reference to paragraph 296 of the Report and suggest you look at it when you get home, because you will find there that after dealing with the matters the Chambers Committee said that "in their decision in this matter London Transport have taken questions of economy and efficiency fully into account and that their method of handling this difficult problem was up to the highest standards of industry". That is a view with which you would not agree, from your engineering standard?—Certainly not.

1748. But you did not bother to make that view known to the Chambers Committee?—No, of course not.

1749. They were inquiring into efficiency?—It is more relevant here.

1750. Is it?—I understood we are concerned here with fares and finances.

1751. You say trolley buses have an advantage from the maintenance point of view, do you?—Since they are mainly based on electrical equipment and the chassis and everything else is the same as buses, I should say on the whole it has had a definite advantage over diesels.

1752. Vehicle for vehicle?—Yes, vehicle for vehicle.

1753. You have not paid any attention to the maintenance?—That is quite small.

1754. Or electrical generating stations or sub-stations?—It is hardly relevant now because they pay for their juice from the Central Electricity Board, and that is covered in that way.

1755. So far as they generate their own, you have not paid any attention to it?—I am not certain how far they do generate their own now.

1756. You have not bothered to inquire?—No, there is no need.

the figures and when it is seen what is expected of one undertaking as compared with the other. I think, Sir, that I can leave it at that.

The second submission which is made is that the alterations are put forward on the basis of increased costs due, in the main, to wages increases. In fact, in the submission on behalf of the Association, the worsening of the financial position in "B" year will be due, as we see it, not to wages increases so much as to: (a) a downward trend in traffic, or (b) the fares increases; or to both these causes.

So far as (a) is concerned, Sir, if there is a downward trend in traffic, that is, a diminishing demand, it will not be reversed or improved, in our submission, by fares increases. So far as (b) is concerned, if there is a decline due to former fares increases, then it will not be reversed or improved in our submission by further fares increases.

22 June, 1955]

Dr. LESLIE ERNEST CHARLES HUGHES

[Continued]

(President): Still, if there had not been wage increases, the position would have been so much the better, or so much less bad. Without choosing adjectives, if there have been increased wages to pay of the order of £3m, then the Executive is worse off by £3m, than if there had not been those increases.

(Mr. Mercer): That submission was made having regard to the view of those who advised me that the effect of the wage increases is more nearly £0.9m. than £3.2m. If that is so, then the worsening, relatively, is due to other causes apart from wages increases in such a way as to—

(President): The fact remains—and this figure has not so far been challenged—that there has been an increase in the wages and salaries of £3.2m. Are you seeking to challenge that figure?

(Mr. Mercer): That will be a matter with which Mr. Lawrence will deal.

(President): I do not think he will, because he has not challenged that figure.

(Mr. Mercer): As I followed his cross-examination, he put to Mr. James the fact that the figure of £3.2m. has to be read with other figures which show deductions from the £3.2m.

(President): He said there were other factors that were concerned in considering the net worsening; but he never challenged—and nobody else has challenged—that wages have gone up, or will go up in "B" year as compared with 1954, by £3.2m.

(Mr. Mercer): I think the position is, is it not, as put by Mr. James, that in respect of the wages called upon to be paid in January, 1955, they are based upon the staff as at January, 1955, then his net worsening is equivalent to £3.2m. subject to those other variations.

(President): That is what I am saying.

(Mr. Mercer): But we are dealing with "B" year and I am suggesting, Sir, that during the course of "B" year, taking June, 1955, to June, 1956, we must look at what in fact will be paid in respect of wages and wage increases; not at what is the worsening in January, 1955. Therefore, looking at it in that way, it may be, as I suggest, £0.9m. rather than £3.2m. If it is £0.9m., then the comparison will lead us to believe that the total worsening has to be looked at from the point of view either of a downward trend in traffic or fares increases, or both. There is some effect, of course, of wages increases, but relatively, I suggest, that the position of the Executive is caused by those other factors largely as compared with the position due to the wage increases.

The third submission on behalf of the Association is that the aims set by the alterations of £5.9m. includes £5.5m. in respect of central charges. This includes, in our submission, a sum containing a tax element, and no more success is likely to be achieved in the future in collecting such sums as has been achieved in the past.

The fourth submission is that the proposed fares scale increases—the fares payable by the long distance traveller—discourage a dispersal of population, and intensifies, therefore, the problems of the Executive in the Central Area and in the more built-up areas generally.

The fifth submission is that the alterations propose that approval should be given to the imposition of charges as an emergency measure, or in consequence of an emergency, but should include £0.4m. towards contingencies. In our submission, the £0.4m. should not be approved in such circumstances.

The sixth submission is that the alterations are based on costs to include increases in maintenance charges as compared with 1954, amounting to £0.4m. In our submission, quite apart from the report of the Committee of Inquiry into London transport issued in February, 1955 on the subject, having regard to the answers to questions 243 and 546-575 inclusive by Mr. James, at this Inquiry, it would be wrong for increases in fares to be sanctioned, based upon increases in maintenance charges beyond those incurred in 1954. This point also should not be approved.

The seventh submission, Sir, in addition to the £0.8m. referred to, the Tribunal may decide, on the submission of the London County Council or other Objectors, that the sum total of £5.9m. should be further reduced. In the event that a significant reduction is thereby made—

(President): Where is the £5.9m. figure?

(Mr. Mercer): That is lines 4 and 7 of BTC 2.

(President): One does not add line 4 to line 7.

(Mr. Mercer): Well, Sir, I may have added the wrong lines together, but I made the submission in my last point with respect to the £0.4m. balance of net receipts available towards contingencies; and my point here, Sir, is that in addition to the £0.8m. to which I have just referred, in the event that the sum total is further reduced as the result of the submissions of the LCC and other Objectors and there is a significant reduction made in the sum, we do invite the Tribunal to have regard to the necessity to encourage the Executive to bridge any remaining gap other than by the action of imposing fares increases, even if any such action involves a reconsideration in the light of present conditions of some operating matters referred to in the Committee Report. That should include a reconsideration for the time being at least of the proposals viewed with concern by the Association to diminish and later abandon the trolley bus system.

My eighth and final point, Sir, is that I am instructed—to what extent it may be proper for me to do so here—to place on record the Association's strong support of the Executive in its new week-end cheap fares policy recently announced, particularly in the application of a flat fare rate for its excursions, which were recommendations already put forward by the Association. Subject to the Committee's approval, I am instructed that the officers of the Association will in the next annual newsletter issued to members of the Association urge support to the Executive in this move with a view to assisting the undertaking in its endeavours to earn more net revenue and improve and maintain financial stability.

(Mr. Ruler): I am representing the Federation of Residents Associations in the County of Kent. Our submission is that an increase in fares is inflationary and that if increases in the cost of operating the undertaking are not absorbed to a much greater extent within the industry, the result is merely another twist to the spiral; so that every twelve months, the effect of higher fares is nullified. Moreover, such higher fares do tend, even in a virtual monopoly, to dry up the source of income. Nevertheless, it is useless to object to higher fares without suggesting an alternative.

We maintain that the difficulties which confront the Commission are to a large extent the result of their own policy. In an integrated transport system, the buses should supplement the railways and not compete with them. In practice the buses are being used to ruin the London Lines by undercutting them. It is true that the Tribunal has fixed a maximum figure, but the Commission regard this in general as a minimum on the railways, but not on the buses; which on the inner suburban services are run at sub-standard rates. This disparity is aggravated by the disastrous decision to charge rail fares on a mile basis instead of the traditional half mile, since rail passengers cannot vary their journeys to suit the stages.

Some of the London Lines are heavily congested in the rush hours, some are lightly loaded and some are closed. Not one carries much traffic at other times. Nevertheless, for really heavy local traffic the railway remains the most efficient carrier inasmuch as, say, a Southern ten car train provides as many seats as fifteen new type buses and moreover has a clear track.

A rational policy would involve: (1) the diversion of traffic from the overloaded lines to the lightly loaded lines by charging sub-standard fares on the latter, but this the Commission will not do; (2) charging no more by rail, and preferably less, than on the corresponding bus route.

The effect of the latter is three-fold: (1) The congestion in the streets will be lessened; (2) the railways will attract an "off-period" traffic; and (3) the bus wages will be reduced.

The Commission state that they have to employ more buses to serve the rush hours than would be justified in the slack hours but that they keep the vehicles running because, being already committed to the wages bill, the light loads show a marginal revenue. This difficulty does not apply to the railways where the length of train can be varied to suit traffic needs, and your attention is invited to paragraphs 92, 189 and 197 (d) in the Report of the Chambers Committee, to whom we submitted written evidence. The Southern have taken some action towards

22 June, 1955]

Dr. LESLIE ERNEST CHARLES HUGHES

[Continued]

lengthening their platforms to this end, but more remains to be done. Unfortunately the Commission policy in general has been to close railway lines even on the Southern rather than charge fares at bus rates.

As regards the buses themselves, it has been stated many times that if their speed could be increased by one mile an hour, £2m. annually would be saved, yet nothing whatever has been done to rationalise the routes to ease congestion and, in this connection, may I bring to your notice paragraphs 67, 131 and 141 of the Chambers Report. In the London Area buses constitute 11 per cent. of all vehicles and in some places as much as 20 per cent.

The Commission state that it is the other people who cause congestion and point to the state of the traffic during the bus strike. This is wholly irrelevant, inasmuch as it is merely a claim that others make more congestion, not that the buses do not cause any. Furthermore, the Commission are asking private motorists not to use the Central Areas at peak periods; but such a plea is likely to fall on deaf ears whilst the Commission's own services are so deficient at such times as a result of the policy already described. As matters are at present, the Commission admit that revenue is falling; it will doubtless continue to fall.

It is therefore submitted that the Commission be required to implement our suggestions instead of raising fares not only in the interests of the travelling public but in those of the solvency of the undertaking itself and of the future of its employees.

(Mr. Collard): May it please you, Sir. As you know, I appear for the South Essex and Barking Borough Council, Objections No. 6 and 7.

I expect you know, from previous appearances, something about the South Essex Traffic Advisory Committee's Constitution and Membership and I need not, I think, do more than tell you that it is a Joint Advisory Committee set up under the provisions of the Local Government Act by a number of Local Authorities and comprises the six Local Authorities in the County Boroughs of Barking, Tottenham and Romford and the Urban District Councils of Brentwood, Hornchurch and Thurrock; and altogether the population of those six areas is just half a million people. As a Traffic Advisory Committee they regularly meet representatives of British Transport and discuss transport problems with them, and they are, therefore, experienced in these matters. They feel that they would like to lay one or two considerations before you with regard to a number of Objections they have put in.

You will see that some of the Objections are very general ones and I think you drew attention on the Sixth Day to the Objection referring to a subsidy. I tell you at once that I do not propose to raise that matter or to persist in it, nor, indeed, do I intend to refer to many of the other Objections which are in general terms, such as the flat rate fares, and matters of that sort, which, on reflection, we realise are not appropriate to be considered on this application, which is simply an application for an amendment to an existing scheme.

The considerations we do desire to urge are really two: The first of them is that the proposed increase, starting as it does at the 7d. fare and working upwards, is really an increase on those who are less able to pay. It is on those who have the more substantial fares to pay to and from their work each day, through no fault of their own, and they are now being asked to pay still more; while those who, from luck or good fortune, manage to live much nearer their work will escape any increase in the fares they have to pay.

It is true that their fares have been increased in the past, but we feel that if there is any weighing to be done it should be done in favour of those who have a substantial fare bill to meet each week.

Of course, nowadays—and this has been said many times, of course—there is an element of duress in an increased fare. It is true that you can drive people out of public transport altogether, but it is not quite so easy to do it as all that. Many people who find the present fares they have to pay quite enough without additional increases are not young enough or agile enough to buy bicycles and ride from Barking to London to their work nor rich enough to buy motor cars, and they have, more or less, to pay what is asked of them by the British

Transport Commission. So it is felt that those who have a substantial amount to pay by way of fares are those to whom the wind should be tempered, if it should be tempered to anybody.

I am particularly instructed to invite the Tribunal, if possible, to preserve, or rather to rescue, early morning fares at their earlier rate and season tickets. Even if ordinary fares have to go up, we suggest that if there is any financial room, those two types of fare should have special consideration, particularly because of the admitted motive of the Transport Commission in seeking to increase early morning fares and to narrow the gap between those and ordinary fares as being a gap of which they disapprove, that gap being one of which the Tribunal has consistently approved in the past.

If there is any financial way of doing it, we would suggest that it should be done; and we are able to point to a financial way in which it could be done. This is my own view, and I am sure it is the view of many of the other point, and it relates to the sub-standard fares. The table we invited the Commission to fill in for us (which they did) and which is now exhibited at the end of yesterday's proceedings is a table we have used in many previous proceedings. Speaking from memory I think we used it first in 1940 or thereabouts; at least, we used the framework, but not, of course, the rates of fares. That table gives some comparison between the fares charged in east London and the fares charged in other parts of London. When we first worked out this table we tried to get comparable fares from all other suburbs and all other lines of the Underground, and it is a very remarkable feature that these striking sub-standard fares still exist. We certainly did not know, until we saw this table completed, that no effort whatever had been made to iron out sub-standard fares since the previous ill-starred effort in 1952 and we had no idea—and it may be the Tribunal had no idea—that there are people today in London paying 1s. 8d. for precisely the same journey that other people are paying 2s. 3d. for. It is a very remarkable variation indeed.

While it may be said, looking at the details of those tables, that some of the journeys are not journeys that people are very likely to make—for example, I do not suppose very many people travel all the way from Edgware to Footing Bee or from Morden to Hendon Central—they were put in as comparable distances to the journeys with which we are concerned. For instance, there is the journey from Upminster to Charing Cross, and there are, if one looks through the table, many journeys of corresponding importance, taken as often, probably, as the journeys to which we draw attention for which we are charged the full rates.

One remarkable example concerned the District Line. Coming in from the east of London we pay the full fares, but going out to west London, on the very same trains, the very same track, the fares are substantially lower. Take, for example, our own fare of Upminster to Charing Cross, 17.45 miles, for which we pay 2s. 3d. If you look above it, Bow Road to Hounslow (Central), an exactly comparable distance, the fare is 1s. 10d. That is in the very same trains. Not, we feel, quite so crowded when they go to Hounslow as they are when they go to Upminster, but otherwise the very same vehicle; and there is 5d. difference in the fare for the very same journey.

Wherever one looks, whether one looks at the District Railway, the Morden to Edgware line, or the Piccadilly line, one sees that on those other lines fares are markedly lower than they are on the east part of the District Line.

If you take our Barking to Charing Cross journey, for which we pay 1s. 3d. for a journey of 9.75 miles, and you look down three items, you will see an exactly comparable journey, Southgate to Leicester Square—which is a journey which must be undertaken by many, many people—and their charge is only 1s. 1d. compared with our 1s. 3d.

Or if you look a bit above that, Becontree to Charing Cross, 11.80 miles, is 1s. 7d., but Cockfosters to Holborn, an exactly comparable journey into Central London, 11.26 miles, is 1s. 4d. And so one could go on.

There, we submit, we have a real and legitimate grievance, and until the London Transport Executive do something about levelling up those markedly sub-standard fares and collecting the £13m. which they admit they could collect if those sub-standard fares were normal fares, it

22 June, 1955]

Dr. LESLIE ERNEST CHARLES HUGHES

[Continued]

is not right for them to come to this Tribunal and ask for the Ordinary Fares that we have to pay to go up even more.

(President): History shows, as I understand it, if I remember aright the events of 1952, that one must choose a moment (if there be any such moment) when there is not any kind of election about to occur in 12 or 13 months.

(Mr. Collard): Yes, Sir. I think history shows that it is the wrong time to raise sub-standard fares and alter fare stages at the very moment when there is an increase in fares; but there is no reason why, over the past two years, it could not have been done much more tactfully, with more public preparation, if you like service by service or fare stage by fare stage. It is quite unnecessary that it should be done in one fell swoop so as to arouse the maximum possible indignation in all the citizens of London, to such an extent that the Government has to intervene and put an end to it. It could be done, if the Transport Commission had been better advised, with a good deal of public preparation and not at the moment when they were bringing a new fares system into operation. They could, six months ago, have announced on one line that the bargain fares which had hitherto obtained there—explaining that they were bargain fares—could not longer be considered and that those fares would have to go up to standard fares. Then three or four months later they could have done the same thing on another line or on a bus service where the fare stages were too long. They could have been shortened bit by bit. No doubt if it had been properly explained to the public that this was not a sudden and abrupt increase in fares but was done solely for the purpose of doing away with variations between fares charged in different parts of the system, the public would have accepted it much more readily than they did when it was done, as I suggested to Mr. McKenna, clumsily and abruptly and without any proper public preparation.

The only other value of that table—because I do not rely upon the fares in the last part of it—is the last section on page 71, which shows that on the Fenchurch Street line every single fare is a full standard fare. So that people who live in Barking and that neighbourhood and use the Fenchurch Street line or the District line feel that they are being unfairly discriminated against. They look at all these other specimen fares and they are hard put to it to find a single full standard fare outside their own line, and they come to the conclusion that they are the only people in step. Therefore, before any substantial increase in their fares is justified, they feel that those who have been benefitting for five years now, or, at any rate, since the last effort was made to reduce the disparity between sub-standard rates and the full rates—

(President): I suppose the last effort could be said to be that under the 1950 scheme.

(Mr. Collard): They did make some effort to reduce the disparity between the sub-standard fares then, but that was the last time they took any steps.

(Mr. Poole): They made an effort in 1952.

(Mr. Collard): An unsuccessful effort, yes. It was an effort, but it was an ill-advised one, in my submission.

(President): You say it might be done in stages, but one would still be faced with the problem of doing away with the immediate need.

(Mr. Collard): Yes, of course one would, Sir. That might justify, possibly, some increase in the Ordinary Fares; but it might be possible, if the Tribunal were to take the view that here was £1½m. of uncollected fares which for some years the Transport Commission had made no serious effort, or no successful effort, to collect, that at any rate the early morning fares and season tickets might reasonably be preserved at their existing level. If the results of the deliberations of the Tribunal were to lead to that conclusion, that would, I think, satisfy my clients.

(Mr. Rippon): As you know, Sir, I represent the two County Boroughs of East and West Ham, together with Leyton Borough Council and Walthamstow Borough Council, the Wanstead and Woodford Borough Council and the Chigwell Urban District Council, representing a population of considerably over half a million.

This Inquiry has taken place so soon after the last one that the considerations we have in mind, which we have expressed in our Objections, are inevitably very similar

to those that we expressed last time, and in the circumstances I do not intend to repeat all the matters I dealt with in my final speech last year.

However, we did feel that, although what is now proposed is technically only an alteration in a scheme, the arguments that we put forward last year, and, indeed, in 1953, are still relevant and, in some respects, have been strengthened by subsequent events.

This has been a somewhat shorter Inquiry than we have been accustomed to and I do not think it is necessary for me to try and review the evidence in any great detail. The majority of the submissions which we have to make have, I hope, been put reasonably shortly in the cross-examination of the witnesses of the Commission, but I ought, perhaps, to emphasise that the fact these proceedings have been shorter than usual and we have tried to put our case rather more shortly than usual, is not to be taken as implying in any way that we regard this Application as being any less important than those that have been put forward on other occasions or that its implications are any the less serious.

(President): We certainly do not think, as a general rule, that it may be said the longer the time it takes Counsel to put his point the better case he has.

(Mr. Rippon): Whatever case we have, we largely put it last time and we have not put it in quite such detail this time.

Of course, I am sure the Tribunal will be the first to see that, merely because there has been this temporary authorisation of fare increases on the basis of a *prima facie* case, it does not follow that these proceedings are just a formality and we can gloss over the argument that we have put forward on previous occasions.

(President): I see from the paper that a Noble Lord from the Upper Chamber said yesterday that if a man could not put whatever point he wanted to make in twenty-one minutes he ought to write a book.

(Mr. Rippon): He was not a member of our profession, Sir. I should have thought we had written some pretty good books in our time.

Of course, the basic factor that we have to consider in this Inquiry is the increase in wages of £3.2m., but we believe—and I think it was the argument put forward by my learned friend Mr. Mercer—that that £3.2m. must be reduced by the £2.3m. of involuntary saving due to the reduction in car mileage and the reduction of staff, which we understand is to be regarded as more or less permanent. So we do approach this Inquiry with the knowledge that there is only a £0.9m. net increase in the working costs of the Commission.

On the other side of the picture there is the reduction in the traffic receipts, for one reason or another, of £1.8m. It would appear that on this occasion the case for the increased fares is based on two considerations: first of all, higher costs, and secondly, reduced receipts. In our submission these two figures, the £0.9m. for the net increase in working expenses and the £1.8m. for reduced receipts, ought to be kept distinct. It may well be that there is a case for increased fares in relation to direct unavoidable increases in costs, but I think there is a clear issue between the Commission and the Local Authorities whom I represent (and, I think, some of the other Objectors) as to whether the falling receipts are due to higher fares or to a general reduction of income in traffic due to factors which are quite outside the control of the Commission and which would have revealed themselves in any event whether or not there had been previous fare increases.

There is, I apprehend, the possibility that there may be some legal argument on the interpretation of what should properly be regarded as an increase in the Transport Commission's costs for the purpose of justifying either a temporary or a permanent alteration in the scheme, but I think it would be both unwise and unnecessary for me to anticipate anything that my learned friend Mr. Lawrence might have to say on that score. I would like to adopt any legal arguments he may put forward and also say that our case, generally, is broadly comparable with that put forward by the London County Council and the other County Councils, and I would wish to adopt as part of our case the more detailed statement which my learned friend Mr. Lawrence will be

22 June, 1955]

DR. LESLIE ERNEST CHARLES HUGHES

[Continued]

making, presumably, tomorrow in the light of the tables which have been put in by the London County Council and in the light of Mr. Hill's expert evidence.

If I may refer, as briefly as I can, to the Objections which the Authorities whom I represent have put in, I would like to do so, because it has, perhaps, been the case in previous inquiries that we have got a little fobbed away from the Objections that were originally put in as time went on. It does seem to us that it may well be that the Commission do not give very close attention to the Objections we put forward on those occasions, either prior to the Inquiry or thereafter. There seems to be no very clear indication of what happens to them or what consideration is given to the Objections which the Local Authorities tend to make at each one of these inquiries. We are anxious—and I think I have said this on previous occasions—that it should be recognised that the Local Authorities have at their disposal a considerable knowledge and experience of the means and requirements of the travelling public and the way in which they react to the commercial policies which are at present pursued by the Transport Commission; and our estimates or predictions of what may result if an increase is put on a certain fare are likely to be at least as accurate as the judgment of the financial witnesses of the British Transport Commission.

Possible, Sir, you may feel, reviewing what has taken place in the inquiries of 1951, 1953, 1954 and this one, that we are in a position to say that in many of these matters we have proved to be more accurate than the British Transport Commission. I am sure there must be a recognition on the part of the Tribunal that our observations from 1951 onwards on the subject of passenger resistance to fares at the lower distances and on the sale of cheap fares have not been irresponsible, but have been perfectly correct. We hear a great deal less at this Inquiry than to some extent in the last one about the accuracy of the discount. You remember, Sir, in the 1951 Inquiry we were saying the discounts for loss of traffic were too optimistic. In the 1953 Inquiry we were saying that there would be a serious loss of traffic, much more than the Commission anticipated, from raising the 3d. fare to 3½d. We said on the last occasion that the Commission would not find that it was likely to be very profitable to raise the 3½d. fare to 4d. I think that may be, it is clear from Mr. McKenna's evidence in answer to Question 376 at Page 72, it is now recognised that these matters are in the words of Mr. Willis "all a matter of inference". There is nothing conclusive. The difference between us at this Inquiry is, I think, the same as at the previous one: the London Transport Executive say with regard to the declining trend in traffic the major reasons for the falling receipts are cars, television sets and so forth. We say now, as we have always said, that the primary reason is passenger resistance to increased fares which take place at such frequent intervals. One cannot be dogmatic about it, Sir. One cannot, I think, point to any particular set of statistics or any of the tables that you have before you. I think the Tribunal is entitled to take a broad view of the matter from its own knowledge and experience of traffic problems, built up over this series of inquiries. But I am sure myself, Sir, that the person who gets to Victoria early in the morning intending to walk to the Army and Navy Stores before he takes his bus to county Hall in order to save the 2d. fare is an example of the feeling of those I represent, that people are showing a definite resistance to the higher fares at these lower distances on the lines which we suggested. We would submit, in support of and association with, the London County Council that such tables as you do have before you tend to strengthen the inference which we have drawn from the evidence we have—such as it is—of passenger resistance. I think, Sir, that what we have to say on the subject of the declining trend in traffic due to the higher fares is borne out at least to some extent by the success of the cheap-fares policy. I think we can say now, as we have been able to say before, on the evidence which you have before you the cheap fares which the Commission have introduced have made a contribution to the net revenue of the Commission. It may not be a very large one, but still it is a definite contribution which has been made and has, particularly in the case of the evening fares, in face of what Mr. Valentine described at the last Inquiry a serious tendency towards loss of traffic

in the evenings, which is when you would expect the influence of the television sets to be at its most powerful.

You may think, Sir, that we have come a very long way from Mr. Valentine's declaration in 1951, referred to, I think, on page 59 of this Inquiry in answer to Question 1066, referring to Question 2234 on the 9th Day: "At the moment we have no evidence at all. At the moment all evidence is to the contrary, that cheap fares would increase the net revenue."

Now, Sir, all the evidence is the other way. It shows that the cheaper fare can arrest and has arrested this declining trend in traffic to which reference has been made. This tends to strengthen the representations we have made from time to time on this subject. We feel that the evidence which has been given to show that this fall in receipts has tended to take place in the inner area of London also supports that view. We are now particularly concerned about what is going to happen at the longer distances. At the moment the fact that the fares have not increased to such an extent on those longer distances has meant that the decline in receipts has not been so serious there, although we accept that any decline there may be is offset by the increase of traffic due to the increase of building in the outcounty areas.

We feel, looking at this matter broadly, and from a long-term point of view, the British Transport Commission stands to gain a very great deal if it takes full advantage of this new traffic market. This is, as far as we are concerned, a social as well as a transport problem. Local Authorities which are in the position of many of the authorities I represent of having to plan new housing estates outside their own boundaries are very concerned about difficulties they have to encounter in persuading people on housing lists to move into new estates when they have to face continually rising fares in getting into work. It is a matter about which we are very concerned, and we would wish to see a return to the policy which existed before the war, when there was a much closer association between the Transport Authorities and the Local Authorities about the fixing of fares to the new housing estates developed on the periphery of Greater London.

Turning to the actual objections we put forward, I think they are more or less the same in respect of all the Local Authorities I represent, West and East Ham certainly. Our first objection was that the proposed alteration should not be permitted by the Tribunal until the expiration of at least twelve months from the date on which the Scheme came into operation, so as to enable its effects to be properly assessed. If you find the cost is so great that some action must be taken immediately, that objection must fall to the ground. But the thought underlying it is in my submission, perfectly sound. We feel that it is first of all very difficult to assess the effects of a previous increase unless you have allowed a full year to elapse. We feel secondly that it may well be that the passenger resistance, which is felt immediately a fare increase is put on, would tend to diminish over a period of time, and that if an opportunity should be given for the traffic to stabilise between one general fares increase and another.

(President): What are we to do, Mr. Rippon? The particular increases are in operation and have been since the beginning of June. Are you suggesting we should leave them in operation for 12 months before coming to a final conclusion?

(Mr. Rippon): It would not be right for me to suggest whether or not the temporary increase should have been introduced or not. What I would say, Sir, is this: Until such time as this Inquiry could be held no doubt it was right to take steps to provide a temporary increase which would prevent an accumulation of a deficit. But clearly it is now open to the Tribunal, after hearing all the evidence and hearing the representations of the Local Authorities, to say: "We feel there is some increase in cost which the Commission has got to meet. We are satisfied it is not of such magnitude that it would not be better for the Commission to carry on as it is now, allowing a period of time to elapse when we can assess the full effect of the last increase and a period of time to enable the traffic to stabilise."

(President): You say "carry on as it is now" means to carry on with the increases which are sought in operation?

(Mr. Rippon): I was thinking purely under the 1954 Scheme, regarding these increases, as we must for the

22 June, 1955]

Dr. LESLIE ERNEST CHARLES HUGHES

[Continued]

purpose of this Inquiry, as temporary which would have to cease if—

(*President*): In other words, you are suggesting that the proper course is to reject the Application. If the Application be rejected wholly, then the fare scale will revert to the fare scales which were in operation before June.

(*Mr. Rippon*): That is right, Sir. Of course, we are not trying to press that to its extreme conclusion. We are only saying if you were to find the short fall was not of a really very substantial amount, at any rate in relation to a total receipt of £70m. a year, it would be very much better for a further period of time to elapse before there was a general increase in fares.

(*President*): If you want to have a 12-months' run you would require to have a 12 months' run from the time when we rejected this application, would you not, because otherwise you would have a 12 months' run of which so many months were under the 1954 Scheme, so many under the Emergency Order and then so many months under the 1954 Scheme revised.

(*Mr. Rippon*): We are not and never have been in a position to do anything about the Emergency Order. All we can say is apart from the question of being able to compare 12-month periods we feel—

(*President*): I must say we wholly sympathise with your wish that all increases should begin on January 1st. Arithmetically it would be very much simpler!

(*Mr. Rippon*): That is so. There is, of course, the second point, which is of more general application, and that is the need for a period of time to allow traffic to stabilise. For example, someone will get tired of walking from the Army and Navy Stores to save 2d. and will just be beginning to make up his mind to do the full journey when there is another increase. As a matter of fact, it does not apply to that particular journey under the proposed alteration, but that is what we feel is the tendency on the part of the travelling public: to walk almost to spite the British Transport Commission, whether or not he can really afford the fare.

(*President*): Until his blood stops boiling, when he returns to his familiar station.

(*Mr. Rippon*): We were a little alarmed when we came here and saw the notice "Blood Donors"! Our second suggestion is: "The proposed alterations should not be permitted until the recommendations of the Committee of Inquiry into London Transport have been given effect, or alternatively due allowance should be made for the effect on costs and receipts of implementing the Committee's recommendations".

As a matter of fact, we have heard at this Inquiry very little account is being paid to the recommendations made by the Chambers Committee. That, perhaps, is not quite a fair way of putting it; I will withdraw that, and say that no account has been made for the purposes of the effects of any economics which might result from carrying out the recommendations of the Chambers Committee, or other economics which we have heard the London Transport Executive are considering on their own account.

(*President*): The main recommendations, so far as they are recommendations which would have a large financial effect, are the maintenance and garage recommendations, are they not, Mr. Rippon?

(*Mr. Rippon*): Yes, of course, on which we have had no witness.

(*President*): It is obvious what the primary difficulties are, is it not? It is almost equally obvious that nothing we could say would do anything to remove them, and might very well make the removal of those difficulties harder.

(*Mr. Rippon*): Yes, I cannot press this very far, of course; there are other matters with which the Chambers Committee deals, such as fare anomalies, interchange points and interavailability of tickets, matters which we have raised from time to time at this Inquiry, particularly the question of interavailability of tickets, which ties up with arguments put forward on means of serving special areas. I do not think, Sir, I can go further in asking you to give the advice of the Commission which you gave Mr. Knott (and the Commission will find the report most

valuable), that they should regard the Chambers Committee as a body of considerable authority.

I think some impression has been given from the evidence that of course the Chambers Committee was dealing only with matters the London Transport Executive would consider anyway.

Our third objection was a general one dealing with special circumstances of special areas, which I think we went into at the last Inquiry. Nos. 4, 5, 6 and 7 are, I think, all matters which we have canvassed at previous Inquiries. As far as No. 6 is concerned, the level of charges enforced in the London area is substantially higher than the level of charges outside the London area; we think that is substantiated by the evidence which is given in the Chambers Committee Report.

(*President*): That is on the road services?

(*Mr. Rippon*): Road services, yes.

(*President*): That is Glasgow, Manchester and Liverpool, which figure in the Chambers Committee Report and elsewhere.

(*Mr. Rippon*): We really feel that the report of the Chambers Committee has confirmed the arguments we were advancing at the last Inquiry on that matter. It is really bound up with the argument that it does seem possible where you have lower fares to have an undertaking which has no greater difficulty at any rate in balancing its accounts and which is not so vulnerable to the loss of traffic.

(*President*): What about No. 7? That is the central charges point?

(*Mr. Rippon*): That is the central charges point. I do not think we can say anything about that at this Inquiry that has not been said already. The only point that arose while I was putting it to the witnesses is: it is assumed for the purpose of this Inquiry that there will be £29m. a year additional costs to the British Railways.

(*President*): In connection with the purpose of the computation of London Lines working expenses.

(*Mr. Rippon*): I think that was the only point with which we were really concerned: what was happening outside London.

(*President*): It is going to be a bit more, is it not, or will be shortly?

(*Mr. Rippon*): It does seem possible.

The point about the cost of living is a general one to which we do not attach considerable importance. Objection 9 is "the proposed increases in early morning fares and season tickets in particular will impose a serious additional burden on the residents of East Ham." In that connection I can adopt the representations which have been made by Mr. Collard, the general views that he expressed and which are of course contained in the written representations which have been made by Southend. We share the views expressed by my learned friend Mr. Collard and the views expressed by Southend that if the Tribunal find it possible to reduce the requirement of the Commission by a particular amount the benefit should be given, if that were mathematically possible, to the early morning fare and to the season.

(*President*): Is that not the great difficulty which I think Objectors are very often able to elude, that when one comes to the conclusion, if one does come to the conclusion, that the estimate of short fall has been put too high, the limitations of currency make it very difficult, unless the amount which it has been assessed as being overestimated is very large, to construct a satisfactorily reduced scale?

(*Mr. Rippon*): That, of course, is the difficulty we met on the last occasion by having the Tribunal determine the amount and then having further argument about fares structure.

(*President*): The point there which we wanted discussion about was a particular change in the fares structure. What its effect should be, having assessed the financial need. Merely to be told if you can knock off £25,000, £30,000, £40,000 or £300,000 or £400,000 from the Commission's estimate and then give it to the early morning travellers leaves a very difficult problem to be solved.

(*Mr. Rippon*): I quite appreciate that, Sir. It is not only a question of determining the amount by which the short fall is overestimated, but of determining which means of travel is most vulnerable.

22 June, 1955]

Dr. LESLIE ERNEST CHARLES HUGHES

[Continued]

(President): Then dividing it up even once you have arrived at a decision as to who are the particular class of beneficiary, the limitations of currency and necessity of keeping a regular grade as between one distance and another make it enormously difficult, at any rate to my mind, to divide the legacy amongst the various beneficiaries within that class.

(Mr. Rippon): Of course that it where we come to the position with regard to the sub-standards, which we raised rather cautiously last year, as I think one can raise it only rather cautiously. There is that headroom of £13m., and it may be that the Tribunal could decide although the case was proved for a particular increased cost it was justified in taking some account of the fact that there is this headroom of £13m. I think Mr. McKenna said if those sub-standard fares were increased by one stage—I do not know if he meant by that 1d.—the Commission could get an additional £13m.; if they were put up to the full extent it would be an additional £300,000. I think we would be rather alarmed if the result of our submission was that somebody's fares suddenly went up by 6d. We do feel it may well be there is a case for putting some of them up by 1d., especially bearing in mind the fare anomalies to which the Chambers Committee refer and complications that arise at present out of the sub-standard. We are not at all anxious to be very dogmatic on any of these points. It would be unwise of us to do so and not very easy for us to do it, even after the total amount which is required has been determined. It is not in relation to the way in which the fares structure ought to be built up. We feel that the Tribunal must be free in these matters to exercise a fairly wide discretion, quite apart from the mathematical results of topping up the increased costs which are proved on one side and the consequence of the amount of fare increases which is apparently justified on the other, because that is where the exercise of judgment must inevitably come in in determining whether in fact the Commission is right in saying that the falling of receipts is due to a general declining trend of traffic or whether it is a trend due in considerable part to passenger resistance. It may well be, Sir, that if these concessions as far as early morning fares are reduced, it may tend to aggravate the peak. I know Mr. McKenna says of course quite rightly the costs are dictated by the largest peak, which is in the evening. Still it must be of some benefit commercially as well as socially for that early morning differential to be maintained. We feel it is also important that the differential on the season ticket should be maintained, partly for the social reason that that is a burden which falls on people who have to travel to work every day, not being able to avoid it, and partly because, as has been indicated on other occasions, if you can encourage people to take season tickets they are going to be regular passengers, pay money in advance and relieve a certain amount of congestion on ticket offices.

We feel that the cheap fares policy not merely makes a contribution to net revenue but attracts people who are beginning to lose the habit of travelling on the public transport services, and creates a fund of goodwill which, though you cannot quantify it in terms of money is clearly very important to the Transport Commission.

(President): Of course, there is and must be a line beyond which it would not be proper, even if it were competent, for us to go, a line at which management must be left to the Commission; on any particular topic it may be doubtful whether that comes within our sphere or not. Quite plainly we should hardly be expected to consider whether the posters on the Underground stations should be executed by a different artist because they have a better effect on the travelling public. You would never expect us to go to that length, would you?

(Mr. Rippon): I do not think so, Sir; we will have to think about it!

(President): It may well be that the choice of a moment and the choice of a degree at which you began to deal in substandards would fall on the management side of the line and not on the Tribunal's side of the line.

(Mr. Rippon): It is simply that this sort of public Inquiry can hardly be really effective either in protecting the public interest or in carrying out the purpose of the Act if it be merely a statistical exercise in which all the Commission has to do is to prove increased costs and

then say automatically: We must have higher fares to offset them. If that were all to be done, we might as well not be here. In the Memorandum of the Tribunal in 1953 and 1955 it has shown the recommendation that there are wider considerations to be borne in mind in relation to both early morning fares and the proposals to increase the fares beyond two miles.

(President): The conclusions to be drawn from what happened in 1952 in the case of sub-standard fares is that there are matters upon which this Tribunal is hardly competent to decide; we should not feel competent to decide today whether, if there were again a withdrawal of all the sub-standard fares, there might be an intervention by the Central Government.

(Mr. Rippon): I should have thought it would not be right for the Tribunal to be influenced at all by what the Central Government might or might not do. The Tribunal decides the matters in the light of the evidence; if then the Central Government wants to take some further action, it is for them to do so.

(President): That is not quite the way in which we approach it. You are suggesting we should, in effect, tell the Commission: You must abolish sub-standard fares (I am putting it in an extreme form). Mr. Collard says we should refuse this scheme, or substantially reduce the additional fares for which approval is being sought, because the Commission can get £13m. fares or so by abolishing or reducing sub-standard fares only. That surely would be a relevant consideration, before we said, either expressly or by implication, whether it would be right that they should do so.

(Mr. Rippon): The Tribunal is responsible for fixing maximum fares, and I think it should say: We think your maximum is sufficiently high.

(President): Sufficiently high for what?

(Mr. Rippon): To carry on the enterprise without increasing the deficit.

(President): What you are suggesting we should say is: You do need x , but you can get y without any assistance from us, and therefore, so far as we are concerned, we are going to enable you to get only x minus y . Before we took that line, surely we should be more or less satisfied that it would be possible for the Commission to get y —not merely legally possible at the moment, but practicable.

(Mr. Rippon): We accept that, and the Tribunal is entitled to get such information as it requires from the Commission in order to reach that conclusion independently of this Inquiry.

(President): In the particular case we are discussing about sub-standard fares, if we were back at the end of 1952 and we were considering whether the Commission could get the y from the sub-standard fares we should have to come to the conclusion that it rather looked as if, because they have been told they are not to—

(Mr. Rippon): That was not a permanent injunction, I think. It is accepted that that head room does exist; whether or not it would be right commercially or right in equity—

(President): Or practical politically.

(Mr. Rippon): We are not concerned with that consideration here at all, Sir. Our only concern is whether there would be a greater public outcry as a result of an increase of 6d. on a fare than there is here to-day from those of us who are objecting to the general increases. That is, no doubt, a factor to be considered, and we would not suggest that it would be right to increase those substandards by an amount of 6d. in order to relieve the general public; that would be commercially unsound because of the reaction of the public against it. All we are saying is we think it is undesirable that there should be any increase on the early morning fares or on the season tickets; we think those fares are vulnerable and the differential between them and the ordinary fares ought to be maintained.

(President): All I am suggesting is that, although we are happy at these inquiries to hear almost anything from almost anybody, there are in fact certain topics (the line is very difficult to draw) on which we would not consider ourselves competent to bind ourselves.

(Mr. Rippon): We do appreciate the difficulty, but we do have the feeling that we get very much the accountant's

22 June, 1955]

Dr. LESLIE ERNEST CHARLES HUGHES

[Continued]

point of view; we hear the Director of Profits and the Chief Financial Officer, who is concerned only with profitability in a financial sense. We hear the Chief Commercial Officer (and that is not wholly a misnomer) who did indicate in his evidence that he gets a figure from Mr. James as to what is required and that must be translated into a fares structure; there does seem to us to be an element of danger in approaching this question of fares simply from the point of view of statistics without paying sufficient attention to the commercial effects of the fares increases—not merely their effect upon those whom we represent, who will have to pay them, but also the commercial effect of having a continual reduction in traffic. We have not heard here a policy witness in the full sense of the term; we have not heard any indication of the long-term view. What we have heard is: we have an immediate increase in costs and we must have an immediate increase in fares. That is the attitude.

The duty of the Commission is to balance its accounts taking one year with another; I was interested to find out how the Commission interprets that. The accounts never balance taking one year with another, if you bear in mind all the accumulated debts. You reach a stage under this Act which is the same under the Valuation Acts, that no-one is valuing to the law, so the Courts accept your value according to the tone of the list. There comes a point where that balancing must be interpreted fairly liberally.

(President): It is fairly liberal at the moment. They will soon reach the stage where they ought to balance their accounts taking ten years with another!

(Mr. Rippon): As long as they are not doing it at all there is not this tremendous statutory obligation to meet every increase in costs with immediate increase in fares and say: we are thereby performing our statutory duty. I should have thought we had reached a stage where an important consideration was to arrest the declining trend in traffic and stabilise it. Since 1951 there has been this appalling reduction of 390,000,000 passenger journeys a year on London Transport Executive's services. There is, of course, a possibility that some people are making

longer journeys because of the dispersal of population, but that has not gone very far yet, and you have to add a further drop of people from the two miles to the one mile—a further reduction in traffic.

We feel in the light of that very serious decline which the cheap-fares policy has shown can be arrested that in order to bring about increase the Tribunal is entitled to take the broadest possible view and for the Commission to say, as Mr. Willis said on their behalf in opening, that there is no sort of alternative to this vicious circle of increased costs being immediately followed by an application for increase in fares is a counsel of despair which can only land the Transport Commission, taking the long-term view, into increasing difficulties resulting from loss of public goodwill and destruction of the habit and desire of using the services which the London Transport Executive provide.

(President): No. 10 was addressed to the fact that documents had been lodged?

(Mr. Rippon): Yes.

(President): For that the Tribunal is responsible. We have made a note of it.

(Mr. Rippon): That was for the purpose of assisting an argument for an adjournment, which we got! There is also a further note that we reserve the right to raise any further objections and to make recommendations when the grounds on which the proposed alterations are based and disclosed. It is that observation which I think founds my right to say a little about substandards.

(Mr. McLaren): If you please, Sir, Mr. Hill has been looking at the figures for the 8 months' period and has something he wishes to say on them. It is not quite complete, and he would like a little assistance from the Commission, which I am sure will be forthcoming (as usual), as to some figures.

(Mr. Harold Willis): We have also got out some figures; it may be that agreed figures can be put before the Tribunal tomorrow morning.

(Mr. McLaren): That may well be the case.

(Adjourned until tomorrow morning.)

22 June, 1955]

[Continued]

LONDON TRANSPORT EXECUTIVE

BTC 709A

PASSENGER TRAFFIC RECEIPTS (AFTER CLEARANCES)—YEAR 1954 (ALL SERVICES)

	Original Budget (BTC 709)	Actual Receipts	Actual more (+) or less (—) than Original Budget
	£'000	£'000	£'000
January 1st–September 25th	52,034	51,204	— 830
September 26th	125	129	+ 4
Week ended:			
October 3rd	1,377	1,427	+ 50
10th	1,372	1,407	+ 35
17th (partial bus strike)	1,352	1,149	— 203
24th (" " ")	1,358	1,279	— 79
31st	1,348	1,431	+ 83
November 7th	1,342	1,394	+ 52
14th	1,341	1,393	+ 52
21st	1,331	1,367	+ 36
28th	1,346	1,373	+ 27
December 5th	1,374	1,418	+ 44
12th	1,385	1,416	+ 31
19th	1,396	1,456	+ 60
26th (Christmas)	1,247	1,276	+ 29
January 2nd (Boxing Day)	1,211	1,248	+ 37
Total (26th September–2nd January) ...	18,905	19,163	+ 258
Deduct 2 days (1st and 2nd January, 1955) ...	339	297	— 42
Total (26th September–31st December) ...	18,566	18,866	+ 300
Total (Year 1954)	70,600	70,070	—

22 June, 1955]

[Continued]

LONDON TRANSPORT EXECUTIVE

BTC 709B

ESTIMATED AND ACTUAL PASSENGER TRAFFIC RECEIPTS (AFTER CLEARANCE)—YEAR 1954 (ALL SERVICES)

Week ended (1)	Estimate	Actual Receipts	Actual more (+) or less (—) than Estimate		
	£'000's (2)	£'000's (3)	Week	Aggregate	
			£'000's (4)	£'000's (5)	Per cent (6)
January 3 (3 days)	573	502	— 71		
January 10	1,315	1,307	— 8	— 79	— 4.2
17	1,304	1,313	+ 9	— 70	— 2.2
24	1,289	1,295	+ 6	— 64	— 1.4
31	1,281	1,206	— 75	— 139	— 2.4
February 7	1,275	1,199	— 76	— 215	— 3.1
14	1,271	1,283	+ 12	— 203	— 2.4
21	1,280	1,300	+ 20	— 183	— 1.9
28	1,299	1,356	+ 57	— 146	— 1.3
March 7	1,316	1,326	+ 10	— 136	— 1.1
14	1,333	1,335	+ 2	— 134	— 0.99
21	1,337	1,331	— 6	— 140	— 0.74
28	1,339	1,352	+ 13	— 127	— 0.78
April 4	1,345	1,337	— 8	— 135	— 0.77
11	1,349	1,355	+ 6	— 129	— 0.68
18 (Good Friday)	1,338	1,318	— 20	— 149	— 0.74
25 (Easter Monday)	1,354	1,343	— 11	— 160	— 0.74
May 2	1,367	1,345	— 22	— 182	— 0.79
9	1,375	1,371	— 4	— 186	— 0.76
16	1,378	1,355	— 23	— 209	— 0.81
23	1,394	1,339	— 55	— 264	— 0.97
May 30	1,404	1,363	— 41	— 305	— 1.1
June 6	1,436	1,371	— 65	— 370	— 1.2
13 (Whit Monday)	1,437	1,354	— 83	— 453	— 1.4
20	1,407	1,378	— 29	— 482	— 1.5
June 27	1,396	1,356	— 40	— 522	— 1.5
July 4	1,393	1,362	— 31	— 553	— 1.6
11	1,383	1,372	— 11	— 564	— 1.5
18	1,380	1,340	— 40	— 604	— 1.6
July 25	1,381	1,332	— 49	— 653	— 1.6
August 1	1,411	1,397	— 14	— 667	— 1.6
8 (August Monday)	1,413	1,356	— 57	— 724	— 1.7
15	1,373	1,361	— 12	— 736	— 1.7
August 22	1,366	1,338	— 28	— 764	— 1.7
29	1,371	1,364	— 7	— 771	— 1.7
September 5	1,380	1,371	— 9	— 780	— 1.6
12	1,373	1,346	— 27	— 807	— 1.6
September 19	1,370	1,370	—	— 807	— 1.6
26 Fares Increased	1,380	1,357	— 23	— 830	— 1.6
October 3	1,450	1,427	— 23	— 853	— 1.6
10	1,444	1,406	— 38	— 891	— 1.6
October 17 (partial strike—roads)	1,423	1,149	— 274	— 1,165	— 2.1
24 (" " ")	1,429	1,279	— 150	— 1,315	— 2.3
31	1,418	1,431	+ 13	— 1,302	— 2.2
November 7	1,411	1,394	— 17	— 1,319	— 2.2
November 14	1,410	1,393	— 17	— 1,336	— 2.1
21	1,401	1,367	— 34	— 1,497	— 2.2
28	1,416	1,373	— 43	— 1,413	— 2.2
December 5	1,447	1,419	— 28	— 1,441	— 2.2
December 12	1,458	1,416	— 42	— 1,483	— 2.2
19	1,470	1,456	— 14	— 1,497	— 2.2
26 (Christmas Day)	1,313	1,276	— 37	— 1,534	— 2.2
January 2 (Boxing Day)	1,275	1,248	— 27	— 1,561	— 2.2
Total	71,931	70,370		— 1,561	— 2.2
Deduct 2 days (1st and 2nd January, 1955)	356	300	— 56		
TOTAL	71,575	70,070		— 1,505	— 2.1

22 June, 1955]

[Continued]

L.T.E.

LCC 408

ADDITIONAL RECEIPTS IN 1954 FROM 1954 CHARGES SCHEME

Test No. 1.

B.T.C. Budget figures (pre 1954 Scheme fares) for periods 11, 12 and 13 are given in BTC 709 (1954 Hearing), Seventh Day, page 166. Actual receipts are given in Transport Statistics.

Period	Budget £'000	Actual £'000		£'000
11	5,400	5,261		
12	5,392	5,557	Add £0.36m. Strike	5,621
13	5,239	5,388		5,557
	16,031			5,388
				16,566
				16,031
			Increase over budget for 84 days	535

Proportionate figure for 97 days ... £618,000

There is no need to adjust the budgetary figures for a fall in the volume of traffic as no significant decline had taken place in 1954, compared with the estimate for that year.

Test No. 2.

Comparison of receipts in 1954 (periods 11, 12 and 13) with receipts in comparable periods in 1953:

1953 Actual.	Period	11	12	13	£'000	£'000
	11	...	...	...	5,407	
	12	...	...	...	5,389	
	13	...	...	...	5,334	
						16,130
Allowance for decline in traffic, 1954, as compared with 1953—1% (BTC 8, 1954 Hearing)						161
						15,969
Actual receipts in period in 1954 plus £0.36m. adjustment for strike, as shown above						16,566
					Increase	597 (84 days)
						£689,000
					Proportionate figure for 97 days	£618,000

A small adjustment might be made in both tests to reflect the reduction in revenue consequential on the reduction in mileage run in these periods in 1954 as compared with 1954 year estimate, but this is very small and would have no significant effect on the above figure and is disregarded.

Similarly a minor adjustment in the opposite direction in respect of the Clearance figures is also disregarded.

LCC 409

TEST AS TO FALL IN TRAFFIC IN 1954 AS COMPARED WITH BTC ESTIMATE FOR THAT YEAR

1. No significant decline in volume of traffic took place in the period prior to introduction of increased fares on September 26th, 1954.

Budget for 1954 (BTC 709, 1954 Hearing, page 166.)

	£'000	£'000
9 monthly periods to September 12th, 1954	...	48,843
Actual receipts in above periods...	...	48,012
Adjusted for—		
Abnormal weather in 1954	...	500
Reduction due to decreased mileage	...	100
Clearance (difference between amounts provisionally included in receipts above (£620,000) and proportionate part of year's figure (£700,000))	...	80
		48,692
Short fall	...	151 only
		(0.3%)

2. No significant decline in volume of traffic took place in 1954 as a whole compared with estimate for that year.

	£'000	£'000
BTC Estimate for 1954—at pre-1954 Scheme fares	...	70,600
Actual receipts, 1954	...	70,070
Adjustments for—		
Strike, October, 1954	...	360
Abnormal weather	...	500
Effect on revenue of reduced mileage (approx.)	...	240
		71,170
Less received in 1954 from 1954 Scheme increases	...	700
		70,470
Short fall	...	130 only

Test No. 2 depends, of course, on the accuracy of the figure of £700,000. If this were taken, as in BTC calculation at £1m., being the proportionate part of estimated yield from 1954 Scheme increases (£3.7m.), the resultant short-fall would appear as £430,000. But as Test No. 1 shows, the amount of decline in 36 weeks preceding increased fares is only £150,000. It is very unlikely therefore that the decline in the 97 days after fares increase would be £280,000—except as may be due to initial public reaction to the fares increases.

